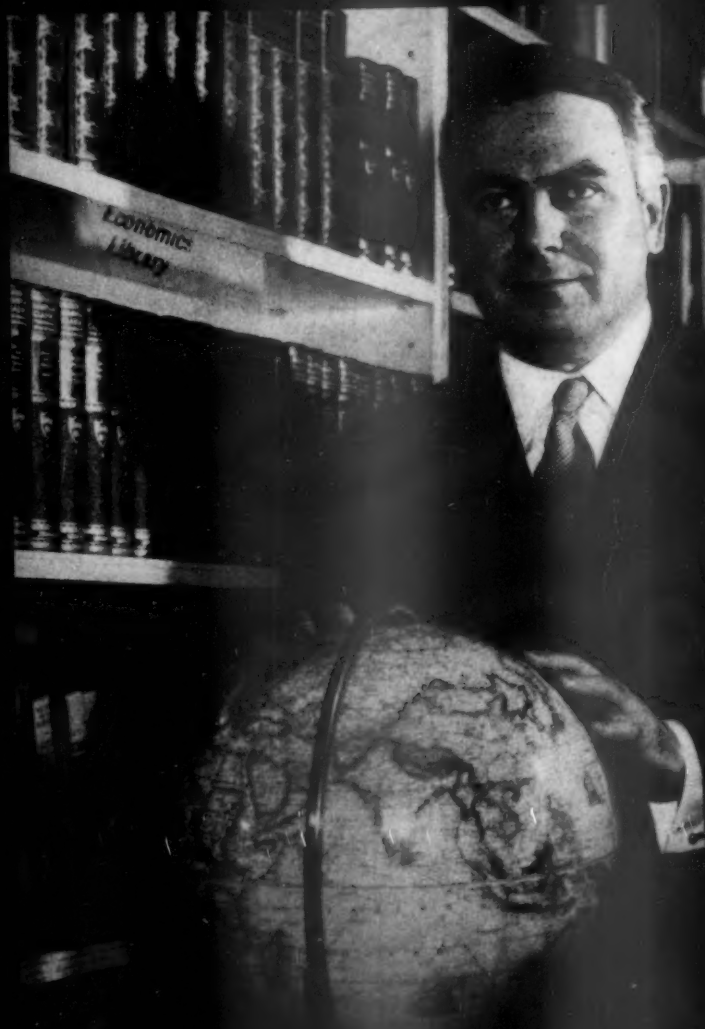


BUSINESS WEEK

APR. 13, 1946



Senator Brien McMahon. Control of atomic energy begins at home — by civilians (page 8)

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WASHINGTON BULLETIN

STRATEGIC STOCKPILE

Creation of a huge government stockpile of strategic materials is in the cards, but Congress has still to decide whether it will be subject to political or military control. Last December the Senate passed a bill establishing a stockpile board with a civilian chairman to be appointed by the President. The House Committee on Military Affairs wants to place control in the Army-Navy Munitions Board. House action is expected soon.

ANNUAL WAGE STUDY

With demands for an annual wage study to feature next year's round of labor disputes, particularly in steel, the administration is hoping it may get some unexpected benefits from a casual Roosevelt gesture of a year ago. Last March the advisory board which had been set up as window dressing for the Office of War Mobilization & Reconstruction suggested tartly that it would be glad to do some advising. So F.D.R. asked it to make a \$50,000 study of the possibilities of the guaranteed annual wage in industry—a study for which the old National War Labor Board had been asking ever since the subject came up during the 1943 steel strike.

Now the House has approved expenditure of another \$200,000 of OWMR funds on the study, and an initial report, covering experience with existing annual wage plans, will probably be out in the fall. Later will come studies of the applicability of the idea to particular industries and of the possibility of fitting annual wage ideas into schemes for full employment, social security, and minimum wage legislation.

RELYING ON SURPLUSES

OPA is relying on war surpluses to hold down the price of much of the capital equipment from which formal price control was removed this week (page 100). Decontrol of machine tools, for instance, is concentrated almost entirely on the very heavy types of equipment, such as lathes of more than 24-in. swing, which were used for war goods and which are consequently available in surplus.

Makers of lighter stuff, for which there is now an urgent civilian demand, will have to content themselves with a 20% across-the-board price boost to be issued in a few days.

About a third of all industrial equip-

ment, OPA figures, was relieved of price control by the capital goods order, which took the lid off many types of electrical equipment and industrial machinery as well as machine tools.

Further decontrol orders will be out shortly; expectation is that a good half of industrial goods will be moving outside price control within 60 days.

CLEAR CONSCIENCE

War Assets Administration isn't worried about the uproar raised by New York City congressmen over the offering by Gimbel Bros. department store of 600 brand-new 24-ton army trucks. For once they're sure their skirts are clean.

The 600 are part of a lot of 728 which were offered at Terre Haute Jan. 21 to priority buyers. Only 40 were bought by veterans—presumably because the trucks were knocked down for export, two to a crate, and were offered as is. On Feb. 20 the 600 still unsold were bought at the OPA ceiling by a group of eight Cleveland dealers, resold to Arthur Price Associates of New York City. Gimbel's then handled the trucks as an agent for Price Associates.

GOOD IDEA, BUT NO TAKERS

No one has been able to stir up much excitement in Congress over the prospects of a full-dress Senate investigation of the basic causes and cure of labor disputes, presumably as a basis for legislation. Senator Robert La Follette, who won his spurs in the civil liberties investigations of the thirties, is pushing the idea, is co-sponsor with Senators Kilgore, Tunnell, Morse, and Mead of a resolution authorizing the investigation.

The Senate Labor Committee, while interposing no objections, doubts that enough senators can be found who will give the time, suggests the possibility of a White House committee. Strategy of this pro-labor committee, in recent years, has been to keep all labor legislation away from the floor of the Senate, knowing that any labor bill can turn into an antilabor bill in the present Congress.

PERON UNAPPEASED

While press comments construe Washington's decision to appoint an ambassador to Argentina as the first move in a policy of appeasing Juan Peron, victor in the presidential election, Assistant Secretary of State

Spruille Braden intends to be firm with Peron until he gets rid of his Nazi advisers and squeezes out of business in Argentina men whom the State Dept. considers Nazis.

The pressure will be applied by promising Peron that the U. S. will sign a treaty of hemisphere solidarity with Argentina if Peron acts. There's some question, however, whether Braden's line will hold as other American republics have refused to say whether they will refrain from signing a solidarity treaty unless Peron boots out the German expatriates.

FARMERS FACE VETO

It's hard to see where the big farm organizations will get by pushing for consolidation of farm credit agencies. If they insist on lifting these units out of the Dept. of Agriculture, the bill is headed for almost certain veto.

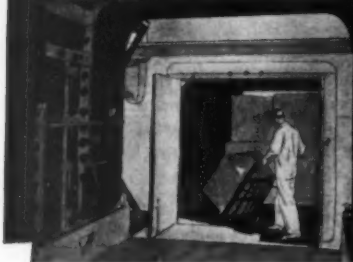
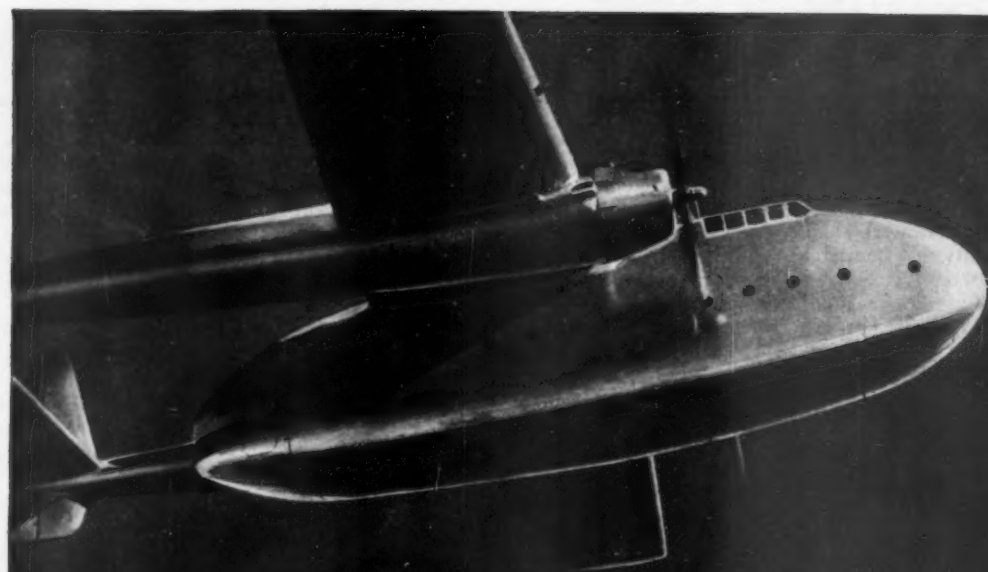
Meantime, the House has passed a bill giving statutory recognition to the Farm Security Administration, championed by the left-wing Farmers Union. The American Farm Bureau and the Grange would like to abolish FSA but have refrained from attempting to block the bill so as not to alienate votes for the consolidation measure.

FPC TESTS ITS MUSCLE

Utility companies—gas and electric—are beginning to feel the effect of the personnel shakeup of the last nine months in the Federal Power Commission. Recent decisions have tended to push out the limits of the commission's authority—often into territory which the companies feel is properly the domain of management. The new approach has shown up particularly in natural gas cases, on which the FPC is now especially active.

In recent years, the tendency of Chairman Leland Olds to extend the control of the commission over the power industry as far as it will go has been restrained by the influence of Basil Manly. Manly had the support of the two Republican members of the five-man commission in holding out for more of a baseball umpire view of the commission's function.

Now, however, Manly is out, and the strong man of the commission, after Olds, is a new member, Richard Sachse. Although he has been pushed as alternate to Olds for the chairmanship, he tends to see things the same way and certainly is not the restraining influence



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Manly was. At the same time, the commission has lost its only lawyer member, John Scott, who was replaced by Harrington Wimberly, and has lost its top layer of its seasoned legal staff—general counsel, an assistant general counsel, and a chief counsel.

MORE ALUMINUM LEASES

The government pretty well cleaned the job of disposing of its desirable surplus aluminum properties this week when it leased the Baton Rouge (La.) alumina plant to Henry J. Kaiser interests and the aluminum plant at Troutdale, Ore., to Reynolds Metals Co. The only plants left are those located in areas where high power costs preclude their use for peacetime aluminum production: the comparatively small Olin Corp. plant at Tacoma, Wash., and the Alcoa (N. Y.) reduction plant, which

is closely tied with Aluminum Co. of America's facilities there. Alcoa might get this, retire some of its older properties.

Kaiser plans to run Baton Rouge at 25% of rated capacity, which is a billion lb. annually. Rental will range upward from \$128,700 the first year to \$257,500 the fifth. The government will spend up to \$1,000,000 on dock facilities (for which Kaiser will pay extra rental).

Reynolds' lease on Troutdale (capacity 140,712,000 lb. annually) provides for rents ranging from \$529,100 the first year to \$1,508,200 the fifth year. Both leases contain purchase options.

CAPITAL GAINS (AND LOSSES)

Dow Chemical Co. is thinking about reopening its Texas magnesium plant. Production of the light metal is now at

zero—blanketed by government surplus stocks. But there are indications of a booming market for magnesium in typewriter frames, lawnmowers, bicycles, skis. CPA thinks demand might absorb 75,000,000 lb. this year, might reach as much as 200,000,000 lb. by the end of next year.

The House Labor Committee probably will have a new chairman next session. Rep. Mary T. Norton of New Jersey is not expected to run for reelection. This means that Rep. Jennings Randolph, from a strong labor constituency in West Virginia, will head the committee if the Democrats keep control of the House.

War Assets Administration is pulling the lead counterweights off surplus aircraft to help meet the scarcity of that metal—expects to recover about 500 tons.

Budget Bureau estimates show that President Truman is figuring on 1,700,-

Homesick Congress Faces a Long List of Musts

The last Congress elected with Roosevelt, the last war-Congress is heading into the home stretch. This Congress obviously has no stomach for any long-term peacetime projects. Practically all legislation of this character—permanent military policy, social security, taxation—will go over to be handled by the first peacetime Congress—one in which Republicans might control the House.

Congressmen want to go home. They are faced with the bitterest off-year election in years, so from now on you can expect them to move faster on the immediate postwar period measures that have to be dealt with before they can quit.

They will go home in July. The chances are they will stay home for the rest of the year. Nothing now on the horizon looks urgent enough to bring them back either before or after the elections.

Here is the legislative outlook:

- **Price and Wage Control**—Extension is certain for nine months or a year from June 30, but OPA's powers will be cut down (page 18).
- **Second War Powers Act**—Broad priority and allocation powers, expiring June 30, will be extended without important change.
- **Draft**—The Administration is currently gaining ground for a nine-month extension from May 15. This would include the 18-year olds but

leave out fathers, farmers, and men over 30. Service of new and previous draftees would be limited to 18 months. But there is still a strong chance that inductions will be suspended until after elections, reinstated then by the President if not enough volunteers show up.

Universal military training, as such, is dead. Military instruction in schools, strengthening of national guard, and other half-way measures will eventually get action.

• **Social Security Tax**—Due to increase Jan. 1, it will be frozen again at 1% each on employer and employee. The Administration has abandoned the idea of tying the tax freeze in with extension of the social security system, which will become a major issue in the next Congress.

• **Veterans Housing**—The Wyatt program took a beating in the House but with the veterans' organizations getting behind the program, the Senate is going along with the Administration on the key feature—\$600,000,000 in subsidies to boost production of building materials. Price ceilings on existing houses are out. The materials subsidy will probably be accepted by the House.

• **British Loan**—Will go through.

• **Taxes**—Present outlook is for no further tax relief until next year, but don't write it off entirely. Congressional leaders say no chance, but

rank-and-file sentiment is growing. A general overhaul will be a problem for the next Congress.

• **Labor**—Boosting statutory minimum wage from present 40¢ floor, killed last week when the Senate hung the Pace farm parity amendment on it, is dead for this session. Antistrike legislation almost certainly will be stalled off this year. Permanent FEPC bill, blocked by filibuster, will not come up again this year. Increase of unemployment benefits to uniform \$25 by means of federal aid is dead unless unemployment rises unexpectedly.

• **Atomic Energy**—Congress will pass legislation for domestic control before adjourning. Odds favor present form of McMahon bill (page 8) but anything could happen. International control will not get before the Senate until far into next year.

• **Hangovers**—Other legislation that will be waiting on the doorstep of the next Congress includes: presidential succession; congressional reorganization; establishment of a national science foundation; revision of patent and trademark laws; St. Lawrence project and bills for creation of more valley authorities; amendment of the Clayton act to restrict corporate mergers through acquisition of assets; Federal Trade Commission Act amendment to broaden court review of commission orders.



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000 civilian government employees—almost twice the prewar total (900,000 in 1939).

San Francisco still is very much in the running as permanent UN site. Stettinius is plugging hard for it.

THE COVER

Brien McMahon, freshman senator from Connecticut, climbed into public prominence during his first year in office, despite long-established seniority rules, by grasping early the overwhelming importance of atomic power. Early in the battle over the War Dept.'s May-Johnson bill for military control of the atom, it was this 42-year-old Democrat who proposed, fought for, and finally headed a special Senate committee on the subject.

• McMahon has now made himself the outstanding congressional advocate of civilian control of atomic power, bucking the entrenched Army and a generally hostile committee membership, with only tepid support from the White House.

McMahon's strongest support has come from the atomic scientists themselves, whose jerry-built Federation, from its fifth floor walkup office in Washington, has done a fantastically effective job of lobbying. This week they and McMahon felt more cheerful than they had in months as the committee prepared to report out a bill—with reasonable chance of passage—which largely reflects their views. Committee members had reconsidered the Vandenberg amendment which they originally approved by an 11-1 vote and which would have set up a military commission with authority practically coequal to that of the proposed Civilian Atomic Energy Commission. The new version definitely subordinates the military advisory group.

• Meanwhile, the question of domestic control of atomic power is rapidly being overshadowed by discussion of the dramatic plan released by the State Dept. for turning over all basic steps in production of atomic power to an international authority, which would deliver plutonium and U-235 to national governments only in denatured form. Manhattan District confirmed this week that plutonium is denatured by combining it with an inert material (BW—Mar. 30'46, p5)—and revealed that the inert material is an isotope of plutonium itself.

Brien McMahon's committee, this week, is getting ready to start public hearings on the international control of atomic power.

The Pictures—Harris & Ewing—Cover; Int. News—17; Phil Bath, Los Angeles Times—21; Acme—22, 38, 64, 74; Wide World—70, 92, 94.

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CEP THE OUTLOOK

WEEK

IL 13, 1946



The OPA has abandoned the sham of controlling all prices and is devoting itself to the more limited task of controlling an index.

Removal of ceilings on hundreds of items this week (page 100) signals the price agency's preoccupation with the cost of living. The real concern has been with that index all along; now it's official.

Timing of the price relaxation is political. OPA is trying to swap a more moderate policy for extension of its authority by Congress.

But the action has more than political importance to industry. The track is cleared of restrictions that were either real or potential curbs on production. Here are the policies OPA has revealed:

Many important types of capital goods are released; another important group is to follow. Most of these things are custombuilt to the user's needs and aren't susceptible to rigid control. OPA now admits this. Their effect on the cost of living is a delayed-action thing anyhow.

A whole string of consumers' durables that have little direct effect on the cost-of-living index also are released.

And the price agency has softened its policy in another important respect. It is willing to raise ceilings to encourage production of low-profit lines which manufacturers have neglected in favor of better-paying items.

Primary aim of OPA, in modifying its controls, is to hold the cost-of-living index well enough and long enough so that labor won't be back for another big wage increase this year.

By that time, the agency hopes a high rate of production will have removed some of the inflationary threat.

Production is coming along very well in many lines. Yet in critical areas it isn't high enough to help OPA much with price control.

Textiles and shoes are typical; production of woolen and rayon fabrics for civilians is the highest in the country's history. Cotton is climbing. Yet the chance of meeting current and pentup demand is remote.

Shoe inventories remain run down. There is little possibility of rebuilding retailers' stocks before the end of this year (page 26).

Despite leather shortages, 1946 output is expected to be well above the 484,000,000 pairs turned out in 1945 (although the January production rate merely duplicated last year's monthly average).

One of the outstanding jobs in consumers' goods output is being turned in by the rubber industry.

The production rate is up to about 60,000,000 passenger car casings annually. That should take pretty rapid care of the needs of the 25,000,000 cars still on the roads—but new cars need tires, too (page 115).

If 3,000,000 autos are turned out this year, they will need 12,000,000 tires. Moreover, new car buyers will want 3,000,000 spares.

Thus, if output is pushed even higher, scarcely 50,000,000 tires will remain for old cars. And these, after trundling along on old rubber for five years, need more replacements than that by far.

A hot fight is raging this week over 1946 radio output.

The industry is having a hard time getting a balanced supply of com-

THE OUTLOOK (Continued)

BUSINESS WEEK
APRIL 13, 1946

ponents and cabinets. Yet the Federal Communications Commission, on the basis of a survey of 85 manufacturers, says the industry is shooting at 21,980,000 receiving sets this year, 57% above 1941.

Says the Radio Manufacturers Assn.: "Optimistic estimates."

Present production apparently is above 800,000 sets a month. The 1940-41 average was 1,100,000 a month.

Don't be surprised if you see new cars come off the line without fenders and, maybe, without bumpers or other stamped parts.

It comes about like this. OPA granted a 19% price increase to metal stampers (11% to those who had an 8% advance last August). But this doesn't include service stampings for autos and trucks.

These latter products are under their own special ceilings (MRR-452). They are still frozen at 1941 levels. And stampers don't propose to turn out any automotive stampings unless they can make a profit.

Each week of the coal strike means an enlarged loss of steel, and the country can ill afford to lose steel at this juncture.

Curtailment last week to stretch coal supplies cost about 100,000 tons of steel. This week's loss will top 150,000 tons. Two more weeks of coal strike and steel mills would begin to close quite generally.

Now losses of 100,000 and 150,000 tons of ingot don't sound big against recent output above 1,500,000 weekly. But they come on top of the 6,000,000 tons lost during the steel strike, and they come at a time when consuming industries are crying for deliveries.

The lead situation is critical, but men in the trade doubt that shortages are quite as drastic as they are being described.

Since the end of the Mexican mine-and-smelter strike, the government has been buying below the border. Moreover, U. S. authorities have been willing to "reach" as to price in the world market—paying more than domestic ceilings in order to compete with foreign buyers.

Thus, while many users of lead have been scaled down on second-quarter allocations, battery manufacturers again will get 66,000 tons.

The miracle weed killer, 2,4-D, will do a lot of things, but it won't cure hay fever.

Dept. of Agriculture finds the compound is being referred to as a drug to aid sufferers from this malady. It isn't a drug. What it will do, of course, is kill ragweed or prevent it from producing pollen.

More important to farmers, 2,4-D can be used with some success in keeping "resting" fields free of weeds.

Small applications in the fall will leave fields fairly clean at planting time. In any but dry climates, the killing chemical will be leached out of the soil by spring so crops won't suffer.

Two favorable notes on the food supply: (1) Winter wheat looks good to excellent and the harvest, beginning in June, will ease grain shortages; and (2) fish canneries' pack will be about 15% above 1945 with civilians expected to get 480,000,000 lb. against 410,000,000 last year.

FIGURES OF THE WEEK

THE INDEX (see chart below).

PRODUCTION

	% Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Steel ingot operations (% of capacity).....	78.3	187.1	83.6	94.3	97.3
Production of automobiles and trucks.....	47,735	43,070	23,050	20,645	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$20,446	\$18,609	\$12,677	\$6,114	\$19,433
Electric power output (million kilowatt-hours).....	3,988	3,992	3,953	4,322	3,130
Crude oil (daily average, 1,000 bbls.).....	4,446	4,424	4,403	4,784	3,842
Bituminous coal (daily average, 1,000 tons).....	2,212	12,215	2,120	2,050	1,685

TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	84	82	77	87	86
All other carloadings (daily average, 1,000 cars).....	51	52	54	52	52
Money in circulation (Wednesday series, millions).....	\$27,912	\$27,842	\$27,957	\$25,865	\$9,613
Department store sales (change from same week of preceding year).....	+12%	+12%	+19%	+8%	+17%
Business failures (Dun & Bradstreet, number).....	19	18	22	23	228

PRICES (Average for the week)

Spot commodity index (Moody's, Dec. 31, 1931=100).....	273.9	273.3	271.4	255.6	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)....	172.5	172.4	171.4	166.4	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)....	240.4	239.6	238.6	226.9	146.6
Finished steel composite (Steel, ton).....	\$63.54	\$63.54	\$63.54	\$57.55	\$56.73
Scrap steel composite (Iron Age, ton).....	\$19.17	\$19.17	\$19.17	\$19.17	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	12.00¢	12.00¢	12.00¢	12.00¢	12.02¢
Wheat (Kansas City, bu.).....	\$1.72	\$1.72	\$1.72	\$1.67	\$0.99
Sugar (raw, delivered New York, lb.).....	4.20¢	4.20¢	4.20¢	3.75¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	27.93¢	27.60¢	26.61¢	21.93¢	13.94¢
Wool tops (New York, lb.).....	\$1.330	\$1.330	\$1.330	\$1.340	\$1.281
Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	22.50¢	22.16¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	148.2	143.7	138.1	109.9	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's).....	2.93%	2.94%	2.93%	3.37%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.46%	2.46%	2.47%	2.61%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	1%	1%	1%	1%	1-1/8%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	36,553	37,116	37,395	37,184	23,876
Total loans and investments, reporting member banks.....	65,247	65,975	67,699	57,349	28,191
Commercial and agricultural loans, reporting member banks.....	7,506	7,464	7,458	6,044	6,296
Securities loans, reporting member banks.....	4,688	15,197	4,625	2,537	940
U. S. gov't and gov't guaranteed obligations held, reporting member banks....	46,538	46,818	49,231	43,286	14,085
Other securities held, reporting member banks.....	3,437	3,467	3,431	3,071	3,710
Excess reserves, all member banks (Wednesday series).....	1,010	930	900	934	5,290
Total federal reserve credit outstanding (Wednesday series).....	22,936	23,963	23,297	20,255	2,265

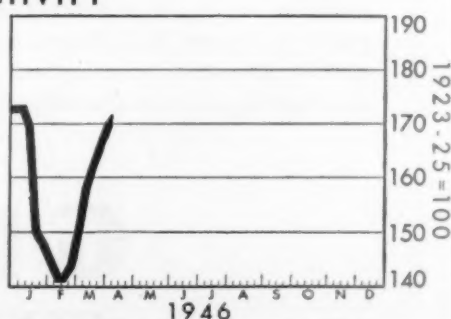
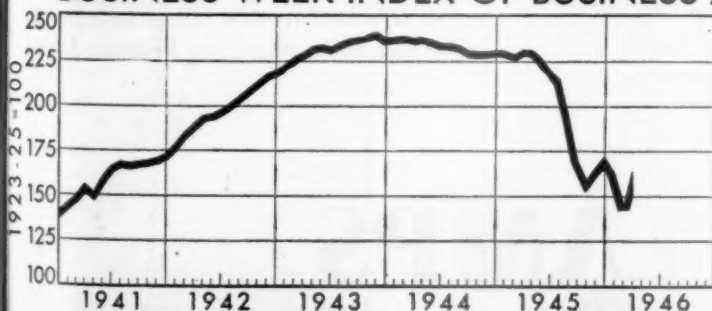
*Preliminary, week ended April 6th.

†Revised

‡Ceiling fixed by government.

§Date for "Latest Week" on each series on request.


BUSINESS WEEK INDEX OF BUSINESS ACTIVITY



How to know Fluorescent Lamps from the inside out . . .



1 ***You could break off the end*** of a fluorescent lamp and look inside. But looking alone isn't enough. If you're as careful as General Electric, you'd have to make 480 tests and inspections to be absolutely sure of the quality of the lamp. You'd have to study the "coiled-coil" tungsten cathode, which helps determine how many times the lamp starts; you'd have to measure the quality and quantity of the chemical coating on the cathode, which has an important bearing on lamp life; you'd have to test the tightness of the glass-to-metal seal, because even a tiny leak will soon reduce light output. And that would just be the start.

2 ***... Or you can insist on the  mark*** on the fluorescent lamps you buy for your home and business. Everything that goes into a G-E fluorescent lamp is carefully tested — every completed lamp goes through a series of exacting tests—to assure you of perfect performance. *And remember—General Electric lamp research is constantly at work to improve G-E lamps and make them Stay Brighter Longer.

G-E LAMPS
GENERAL  ELECTRIC

Where Does Bull Market Go?

Wall Streeters, trading once more in a zone that historically has proved crucial, have reason to scrutinize their signposts. Only certainty is that, from here on, progress is strictly exploratory.

April, 1946, stands a good chance of going down in Wall Street history as one of the milestones in the long and stormy career of the New York stock market.

The four-year-old bull market that began late in the spring of 1942 has worked itself up to a point where it no longer can be rationalized by talk of a brightening profit outlook or a more cheerful sentiment among investors. Now it must either go ahead on a purely speculative basis or fold up.

• **Fateful Zone?**—Anyone at all superstitious finds it easy to believe that

there is something fateful about the particular zone in which the stock market stands.

The Dow, Jones index of prices for 30 leading industrials has been stumbling back and forth for three months around the 20-point range from 190 to 210.

Only twice before has a rising market ever tried to break through this area. Once it succeeded; once it failed. On both occasions, the results made financial history.

• **Only Yesterday**—The first time came toward the end of 1927 and in the first two months of 1928. A four-year-old bull market, beginning early in 1924, rode with the tide of profitable business and coasted up to the 200 mark in September, 1927. It went through briefly in December, bounced back, tried again, slipped, and then, in March, 1928, swept irresistibly upward.

That was the beginning of the "explosive phase" of the Big Bull Market. Some 18 months later (September, 1929) the average of 30 industrials hit 381.17. The next month, it started the express elevator trip to the basement that presaged the great depression. In

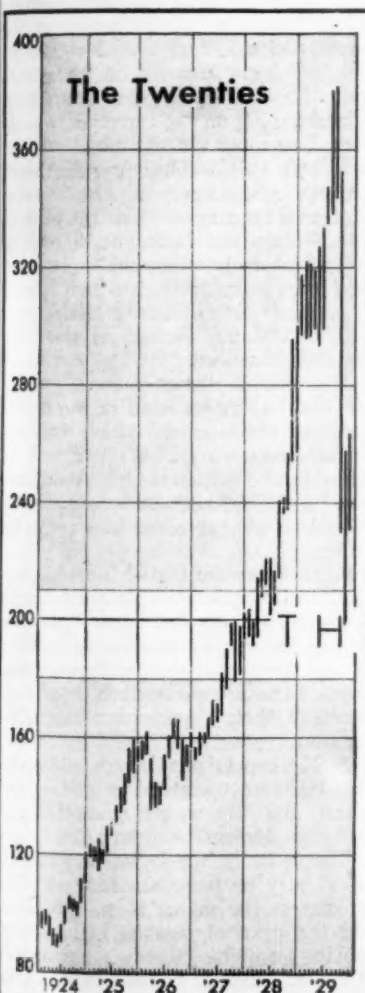
1932, when the average scraped bottom, it was down to 41.22.

• **And in 1937**—The second time a market tried to rush the 200 line was in 1937. Then the "baby bull market" of the mid-thirties hitched itself up as far as 194.4 only to spill badly in March. It made another try in August, but failed to get past the 190 mark. And that was the beginning of the long bearish slump that did not come to an end until 1942.

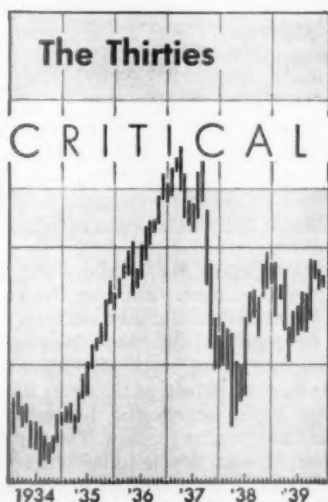
By the beginning of 1946, the market was ready for another round with the hoodoo. A quick rush at the end of January took it up to 206.97, and an even quicker spill dropped it back down to 186.02, on Feb. 26. This week, the industrial average was back around 206, scratching to break into new ground (page 114).

• **Schools of Thought**—Just how much importance can be attached to all this depends on which theory of what makes the market tick is followed. Many experts are quick to point out that chart reading can be a pleasant amusement but a very dangerous way to go about investing money. And even the most devout chartists will insist that the industrial average means nothing unless the rails confirm its signal. (The rails, which also topped in early February, so far haven't shown much disposition to make another try.)

So far as economic theory goes, there is no reason for saying that any particular level—200, or 160, which also gave the Big Bull Market a lot of trouble,



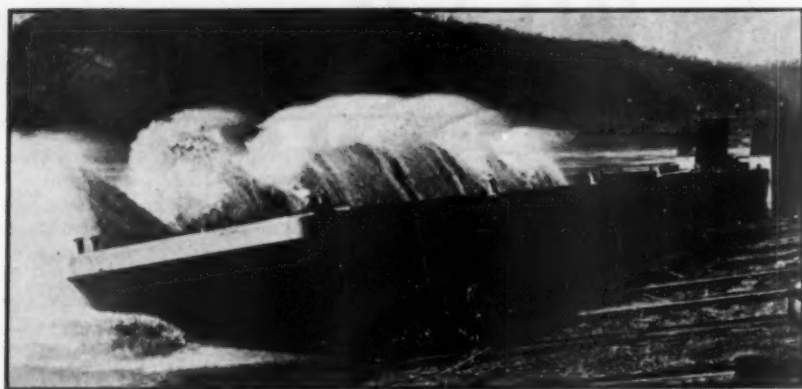
THREE BULL MARKETS



THE CRITICAL AREA?

Data: Dow, Jones average of 30 industrial stocks.

© BUSINESS WEEK



LANDING SHIPS GIVE WAY TO COAL BARGES

A welded steel coal barge splashes into the Ohio River at Ambridge, Pa., where not long ago LST's were sliding down the ways. U. S. Steel's American Bridge Co. is now hitting its peacetime stride near the shipyard where the company launched 143 war craft—including 119 landing ships (BW—Feb. 6'43, p15). The new barge is one of 75 being built for Carnegie-Illinois Steel.

or anything else—will be a critical zone for all booms. The underlying conditions in each rise and fall of the market are widely different. Hence, the major resistance points also should vary.

• **Time-Honored Yardstick**—Consider, for instance, the time-honored yardstick, the ratio of prices to earnings. For ten leading stocks, picked at random, the ratio of prices on Mar. 2, 1928, to 1927 earnings and the ratio of current prices to 1945 earnings match up like this:

	1928	1946
American Can	18.73	23.17
American Tel. & Tel.	15.22	21.75
Bethlehem Steel	11.35	11.24
Du Pont	21.17	32.43
General Motors	10.48	18.43
Int. Harvester	13.24	21.49
Kennecott Copper	13.00	20.00
Radio Corp.	15.45	28.81
U. S. Steel	15.66	22.55
Westinghouse	13.75	17.24

• **Factors to Remember**—On this basis, it looks as if stocks in the present market already are priced about half again as high as they were in 1928. But it isn't that simple. Other investments are yielding less now. The yield on Moody's AAA bonds in 1928 was around 4.5%; now it is below 2.5%. And in the present market, there is always the question of whether or not the country is due for an inflation that will skyrocket equities and knock the bottom out of fixed-yield securities.

One thing does stand out clearly from the chart. The market now is trying to shove its way into ground that has been explored only once before—in the 1928 and 1929 boom and bust. From here on, the bulls will have to make up their explanations as they go along because there will be nothing in the past that they care to cite.

Wheat Rationing

Cut of 25% in commercial deliveries, with saving going to UNRRA, adopted as previous conservation methods fail.

Rationing—within the industry—of wheat, flour, bread, and pastries is in the cards for at least the next three months. The Dept. of Agriculture came to the conclusion this week that previous wheat conservation measures are inadequate to meet the shortage.

Industry representatives have been called to Washington to be told that millers must cut flour deliveries to commercial customers about 25% below recent levels. The remaining flour will be picked up by the government in order to meet the commitments of the United Nations Relief & Rehabilitation Administration.

• **Farmers Hold Wheat**—There's talk that an export premium will be offered on the flour taken by the government. This would meet the above-ceiling price which non-UNRRA governments buying in U. S. markets are able to offer, and would put all foreign consumers on the same basis.

As predicted (BW—Mar. 9'46, p17), it's in the quantity—not just the color—of bread that consumers are going to feel the pinch of the wheat shortage.

The new move marks abandonment of the original hope that necessary wheat savings could be effected by reducing animal and poultry feeding. The trouble is that farmers are holding wheat on the farms in hope of a price rise—and while they hold it they are feeding it,

which is a profitable operation at present meat prices.

• **Carryover Essential**—As a result, stocks of wheat remaining on hand are now insufficient to meet foreign and domestic food needs plus a reasonable carryover, even if not another bushel were fed to livestock. And everyone knows there'll be a good deal of livestock feeding.

It was estimated that 689,000,000 bu. were on hand at the beginning of the year. Export commitments for the first half of the year totaled 225,000,000 and a 150,000,000 carryover is considered essential to cover the transition to a new crop year and as insurance against a short crop.

• **Feed Saving Tried**—This left 314,000,000 bu. to meet January-June domestic requirements. Uncontrolled domestic consumption would exceed this figure by merely a third—some 250,000,000 for food, 138,000,000 for animal and poultry food, and 26,000,000 for seed.

In February, Secretary of Agriculture Clinton P. Anderson came out with a program based primarily on reduction of feed use to something like 75,000,000 bu. An increase in flour extraction to 80% of the wheat berry cut the amount of mill feed available. And restrictions were imposed on wheat content of mixed feeds. This feed saving, plus skimping on the carryover, was expected to meet the situation.

• **And It Failed**—That program hasn't accomplished its purpose. Use of wheat for feed is running well over the planned rate. Millers are finding it difficult to get wheat and bakers can't get flour. And export commitments aren't being met. First-quarter exports totaled only 100,000,000 bu. instead of the 112,500,000 scheduled.

It's believed that no more than 400,000,000 bu. are on hand in the second quarter. Food needs alone for this period amount to 125,000,000 each for domestic and foreign, which would leave only a 100,000,000-bu. carryover—regarded as the absolute minimum for safety.

• **Food Takes the Cut**—Meanwhile Agriculture Dept. experts do not hope for much help from last week's plan for paying farmers in certificates cashable at any time for a year at then current prices. Farmers are not likely to give up so easily their strong price-bargaining position.

A 25¢ export premium would probably be more successful in getting out wheat. But this would do nothing to ease the domestic shortage.

Theoretically, the logical way to save wheat may be to reduce feed use. But as long as the wheat is on the farms and the price of meat is high, this is proving administratively impractical. It's a lot easier to control food use—so it's food that's going to take the cut.

Holding the Line: 1946 Version

Latest pronouncement of Administration's anti-inflation policy, reiterating faith in price controls and subsidies, makes no concession to those who seek measures aimed at "root causes."

The Administration's economic high command now concedes that the fires of inflation are gaining headway, but it believes that the threat can be overcome by the apparatus at present in use—price controls and subsidies.

Economists who hold that the gravity of the threat calls for a broader approach, and at the root causes of inflation rather than at prices alone, found no reason to their point of view in the report on the past and future of the government's wage-price policy which President Truman's economic advisers issued this week.

to the Hopper—Tossed into the midst of the hot legislative fight over extension of price control and revision of the parity-price formula, the report concluded that five legislative proposals would enable the country to ward off a disastrous inflation in the next six months and still create a flood of production that would make it possible to discard most controls by the middle of 1947.

aimed to mark the third anniversary of President Roosevelt's "hold-the-line" order, the report was prepared by the staffs of the agencies charged with administering the stabilization program: Civilian Production Administration, War Relocation Authority, OPA Chief Paul A. Porter, Secretary of Agriculture Clinton P. Anderson, John D. Small, director of the War Relocation Administration, and Willard Wirtz, director of the National Wage Stabilization Board.

More Than Production—After reviewing the movement of prices, wages, and costs under the "hold-the-line" order, the authors conclude that in the critical months ahead production alone will not meet the inflationary pressures. Even a rapid step-up in output, supplies of consumers' goods will lag behind increasing power for many months.

The remedies advanced by Truman's economic hierarchy are: (1) renewal of price control, (2) continuation of subsidies, (3) extension of the Second War Powers Act, (4) adoption of measures to control real estate prices and commercial rents, and (5) adequate appropriations for the stabilization agencies.

Applause and Doubts—The reception accorded the report included applause for its recognition of inflation as the most serious economic problem, an important legacy from the depression psychology which permeated government thinking for six months after V-J Day. But it was by no means so generally

conceded that price control has been as effective in holding the line as the five chieftains maintained. There was also widespread doubt that inflationary forces can be worked off rapidly enough to permit removal of almost all controls by mid-1947.

• **An Opposed View**—These skeptics, including those who are currently winning the betting in Wall Street, are contending that gravity of the crisis calls for such powerful, though indirect, measures as credit controls, monetary devices, budgetary policy, and full support of all measures to obtain production.

In reviewing the three years of "holding the line," the report cites figures of the Bureau of Labor Statistics to show that the total of all consumer prices rose only 3.4% from May, 1943, when the order became effective, to February, 1946. This increase is contrasted with a 27% rise in the 3½ years between the last pre-second World War month and May, 1943.

• **Explanation**—The authors take note of the fact that the BLS figures may

sound strange to a housewife who knows well that many individual prices have risen in the last three years. They explain it this way:

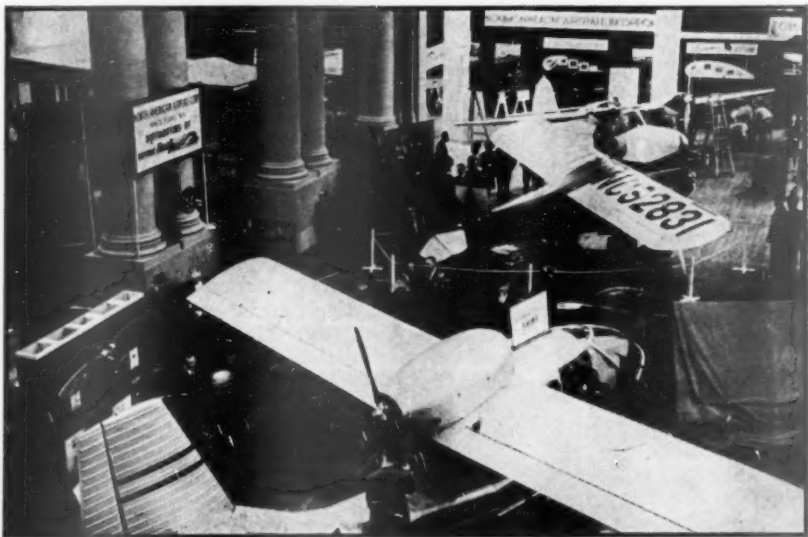
Prices of items which take about a third of the expenditures of the moderate-income, urban family have gone up sharply. Official figures show that clothing prices have risen 17.2%, and home furnishings prices 18.6%. A number of minor items (such as hair cuts, theater tickets) have also gone up.

On the other hand, the cost of rent, food, fuel, ice, electricity, and certain other things—which make up the other two-thirds of the average urban family budget—has been held generally stable. Rents have gone up only .3% and food prices have actually declined 2½%.

• **Comparison Invited**—The authors ask the housewife who refuses to believe that the cost of an average market basket of groceries has not increased since 1943 to check advertisements in back copies of her local paper.

These figures don't tell the whole story of living costs. For one thing, quality has worsened and the figures can't measure this. Some people have gone into the black market. Low-price lines have disappeared, forcing people to buy high priced goods.

On the other side, the official figures look low because people can afford more and better food, clothing, entertainment, and other things. What looks



FORECAST: HEAVY TRAFFIC OVERHEAD

Although competing for attention with intriguing displays of rocket bombs and jet planes, the exhibit of personal planes at New York's National Aviation Show holds the spotlight. Spectators—their appetites whetted by newspaper ads running concurrently with the show—throng the small plane area, take turns at climbing in and trying controls of the ten models displayed. Priced from \$1,800 to \$4,000, about 200 planes were reported sold within two days; Republic Aviation reported it sold four of its amphibious Seabees in the first hour. The big question is: "But when do we get delivery?"

Price Control Bill Is in for a Tough Time

Take a day off next week and come to Washington if you'd enjoy watching the House of Representatives kick the price control extension bill around.

After the House has thoroughly mauled the rag doll, it will be grabbed by the Senate, which really plays rough. A stethoscope will probably be needed to discover what life remains in price control when the bill is finally tossed to the White House next June.

• **And Then a Veto?**—To keep inflation from getting out of hand at that point, President Truman's only chance may be to veto the bill, force Congress (because it doesn't want to be charged with murder) into extending the present law, pretty much as is, beyond its present expiration date of June 30. In that event, Congress isn't likely to grant a full year's extension, sought by the Administration and favorably recommended this week by the House Banking Committee. The wage control provisions of the stabilization act would be extended for the same period.

Short of forcing Congress' hand in the closing days before the deadline, the Administration can't hope to get an extension bill that is anywhere near as acceptable as the bill reported by the House committee.

• **Effective As It Stands**—The compromises negotiated in the committee resulted in a bill that, in OPA's hands, would still be an effective instrument for maintaining price control as long as deemed necessary by Washington's economic stabilizers.

The committee didn't surrender by any means to the Administration's desire for the extension of the present law intact. It insisted on the progressive take-down of price control and subsidy machinery during the law's last year, but the nature and timing of decontrol were left largely to the administrative discretion of the President, which means OPA primarily.

• **As Demand Is Satisfied**—The guiding precept is that price controls shall

be removed from particular commodities or classes of commodities as domestic demand is satisfied. There's some rigamarole by which the President, at least once a month, shall determine with respect to each, whether the demand has been satisfied. When he finds that it has, he shall so certify to the price administrator and the price administrator shall forthwith remove price control within ten days.

The OPA's Maximum Average Price plan, which has played so much hob in the cloak and suit trade, would be wiped out July 1, and there's little doubt that the House committee's recommendation will be followed.

• **Tapering Off the Subsidies**—The bill permits continuation of present commodity subsidies but it requires that they be tapered off beginning Oct. 1, and tapered fast enough so that no more than 75% of the authorized \$2,051,000,000 shall actually be used in the fiscal year beginning July 1.

A provision engineered by Rep. Fred Crawford of Michigan, for the primary benefit of retail automobile dealers but probably inclusive of radio, refrigerator, and other appliance dealers, would prohibit any reduction in established retail discounts or dealer handling charges. There's some question whether the language of the bill would require OPA to retract cuts already made in dealer markups, but Crawford expects to clear this up on the House floor.

• **Other Provisions**—OPA would be barred from imposing any price control over new (since 1942) types of industrial equipment which reduces the cost or increases the life of the goods manufactured.

Cotton goods prices, now tied to the parity price of cotton, would be tied instead to the current price of cotton, which is higher.

The bill permits OPA to distinguish between transient and residential hotels in setting rent ceilings.

like higher living costs is actually to some extent better living.

• **Prices and Production**—Turning next to current stabilization problems, the report denies that price controls have stifled production. Our wartime production records were hung up under price control. Over-all industrial production now stands at the highest point in our peacetime history. Hence, the

stabilization officials do not see how they are standing in the way of a flood of production.

On this point many manufacturers would not find the over-all figures quite so conclusive. They would point to the numerous cases where OPA ceilings have forced them to stop production or shift to high-priced lines. They would cite cases where bottlenecks have devel-

oped because suppliers found certain prices unprofitable. In other words, all industrial production might be higher still had price controls been more restrictive.

• **Concerning Wages**—On the question of wage stabilization, the report quotes official statistics which show an increase of 5.4% in average hourly earnings during the "hold-the-line" period, but a decrease of 4.2% in weekly earnings because of the cut in the number of hours worked after V-J Day.

It is argued that only if rents and prices are kept in line can the wage level be maintained. Under the government's wage-price policy the authorities will attempt to hold wage increases to the post-V-J Day formula, as set for steel and other industries.

The first major test—the coal strike—is already upon us.

Oil Maverick

West Coast refiner desires 1,000-mile policy to recommend a change twice a year. Experts disagree on advisability.

For all the improvements that have been made in motor oils during the war years, including improved refining practices and wider use of additives to reduce decomposition of oil, the American Petroleum Institute's lubrication and marketing committees have decided to stick by their long-standing recommendation that motorists change every 1,000 miles.

Not all oil companies have adhered to this policy (Kendall Refining Co., for instance, has long advertised its "2,000 mile oil"), and motor car manufacturers often make oil-change recommendations which are at variance with those of the A.P.I. (BW—Feb. 26 '38, p. 26).

• **Two a Year**—Now, Union Oil Co. of California, which claims 11% of the retail business in its eight-state market area, has kicked over the traces with the contention its new Triton oil need be changed only twice a year.

Union, which stirred up another furor six months ago with its aviation gas for autos (BW—Oct. 20 '45, p. 7), pursues its advertising campaign will take business from competitors, and that it will reap dividends in customer goodwill even though it reduces the total amount of motor oil sold.

Union said that demand for Triton is so heavy that plans are being drawn for another plant, to cost around \$10,000,000, that would double production to be located either in Los Angeles or San Francisco.

• **The Unknown Quantities**—A.P.I. and oil industry technical men generally

that the 1,000-mile oil-change pol- must be retained because of three underables: the individual motorist his driving habits, the variations mileage and driving conditions to which cars are subjected, and the age mechanical condition of different

They agree that modern oils are not subject to chemical decomposition as those of a few years back, but con- that the best oil made cannot teract the contamination of foreign er such as dirt, water, and the al particles that wear off engines. e form the sludge that can wreck engine.

Limit Possible—The 1,000-mile, therefore, is not the average but about the minimum limit at which changes are required. Autos in good dition and whose oil is not subject excessive contamination from dirt or p-and-go" driving unquestionably be driven much farther between oil ages when one of a number of high- ility oils is used. Truck fleets often ve much greater mileage with safe- because they receive close mechan- control and oil inspection which average motorist cannot command. Whether the industry will temper its erness to sell more oil by telling car owners it's safe to go more than 1,000 miles between changes remains to be seen. But the suspicion prevails that it will.

OPERATES NAVY PLANT

in the \$7 million plant at Warren, Co., built by the Navy in 1942 for duction of landing craft, diesel en- crankcases, boiler turbine cases, other items, Warren City Mfg. soon will begin manufacture of a and complete line of all-steel welded es.

Warren City is a subsidiary of Fed- Machine & Welder Co., which pur- ed its stock from Graham-Paige ors Corp. last January (Joseph W. er, now president of Kaiser-Frazer p., headed Warren City for 17 ths in addition to being chairman Graham-Paige).

resent plans are to build a complete of mechanical open back inclinable es, ranging from 50 tons to 150 capacity; a series of mechanical hydraulic metalworking presses, capacities from 100 tons to 1,200 and mechanical press brakes in s from 100 tons to 500 tons, and de- to handle lengths up to 24 ft.

The plant, which the Navy will keep standby facility, has 225,000 sq. ft. floor space for production. It was igned for heavy work and boasts ern equipment for fabrication, weld- machining, and assembling opera-

Truman Legacy

Profit report on Army's operation of Montgomery Ward sends retroactive-pay is- sue back to the White House.

Montgomery Ward & Co.'s annual report issued last week had much in it to gladden management or stockholder hearts, but just as much to stir up a hornets' nest of new trouble from the United Retail, Wholesale & Department Store Employees (C.I.O.), which had been biding its time till the final report came out of Chicago.

Net profits for the year set a new high since 1940, soaring to \$22,932,025, equivalent to an earning of \$4.12 per share of outstanding common stock after dividends of Class "A" shares.

Net sales reached a record peak of \$654,778,682, an increase of \$33,800,000 over the preceding year.

• **Net Profit Gain**—Significantly, Montgomery Ward net profits were 7.7% higher than in the preceding year, as compared with a 4.5% increase for the rival Sears, Roebuck & Co. Ward's percentage gain in net sales (5.4%) was slightly less than Sears' increase of 5.7%.

With these profit figures—covering the ten-month period Montgomery Ward was operated by the Army after federal seizure—now officially an-

nounced, the union next week will ask President Truman for federal action on its claim for retroactive pay ordered by the National War Labor Board but so far unpaid.

• **Pay Estimates Disagree**—Estimates vary on just how much retroactive pay accumulated at the Montgomery Ward retail outlets and mail-order warehouses taken over by the government. When the Army relinquished control last October (BW-Oct.27'45,p94), the finance officer in charge of operation set the figure at \$785,090. A later company estimate was \$1,342,000.

The Army announced that it could not make the retroactive payment because its orders stipulated that the wages must be paid from net operating profit, and according to Army bookkeeping there was no profit available.

• **Union Ammunition**—Stymied then in efforts to challenge the Army's position, the union now is prepared to back up its demands with analytical studies of Ward's reports to stockholders, and Montgomery Ward Chairman Sewell Avery's statement that "all divisions of the business continued to operate profitably" during the twelve months which ended Jan. 31, 1945.

To the union all this indicates that federal operation, instead of having any adverse influence, actually increased efficiency.

In support of this conclusion the union advances Avery's half-year report of a \$19,816,102 increase in earnings before taxes for the six months



GEARING GROUND SERVICE TO AIR SERVICE

Today's big airliners, carrying more and more passengers, pose a problem for airlines: how to transport air travelers from city to field. In Chicago, Bluebird Air Service, which runs a shuttle service, is experimenting with four new 25-passenger motor coaches. Bluebird reports that its "Airporters," with a capacity about double that of oversized limousines it now uses, have shorter wheelbases for easy maneuvering, have reduced time between the airport and Chicago's Loop. Flixbie Coach Co., Loudonville, Ohio, builds them.

which ended July 31, 1945, an increase of 25% over the corresponding period of 1944. Final figures for the year showed only a \$9,191,186 rise in earnings before taxes. Thus, the union reasons, six months of Army operation show more paper profits than were made under Avery operation—hampered as it was by U.R.W.&D.S.E. strikes and a printing trades union strike that held back release of mail-order catalogs for 30 days.

• **Army Reversal**—Prior to surrender of the Ward properties, the U.R.W.&D.S.E. requested payment of retroactive amounts due out of current operating revenue. If no funds were available from revenue the union asked that the Army comply with a presidential executive order to report to the President failure to make the back payment.

The Army's response was inconsistent, according to the union. It replied (1) that the company as a whole had made no profit, and (2) that profits had been made only in the retail stores department. Earlier it had lumped all company operations together for book-keeping purposes; when profits were at stake, the Army reversed itself and said that retail and warehousing operations

had to be considered separately—but that retroactive pay in the profitable retail outlets would be discriminatory against employees of the unprofitable warehouses.

• **Shifting Winds**—The resulting stalemate led to an appeal to the late President Roosevelt. Presumably, under the union's interpretation of the original executive orders covering the seizure, the President was prepared to tap his emergency fund in order to pay retroactive wages.

Conferences with former Attorney General Francis Biddle indicated to the union that checks on the government fund were already made out. But when Biddle left office, President Truman's appointee, Attorney General Tom Clark, read the executive orders differently and ruled out federal responsibility. The checks apparently were destroyed.

Since then Washington responses to union appeals have been hot-and-cold, but mostly the latter. If the President fails to act, the union plans to carry its fight into Congress. Meanwhile, hardly a third of those awaiting retroactive pay still are employed by Ward, and the number declines with each new delay.

Shift in Slaughtering Is Index to Black Market

Slaughter of beef, pork, veal, and lamb in federally inspected packing houses has fallen by more than 30% since early in February (chart). And this reduction is reflected in the most general black marketing of meat since OPA first imposed ceilings (although prices in most urban centers aren't quite so high as at times during rationing).

• **Countercharges**—The situation is most conspicuous in cattle. Unions are blaming layoffs on failure of the big packing houses to buy livestock that has been coming to market—threatening another strike against what they call a "sitdown" against OPA regulations.

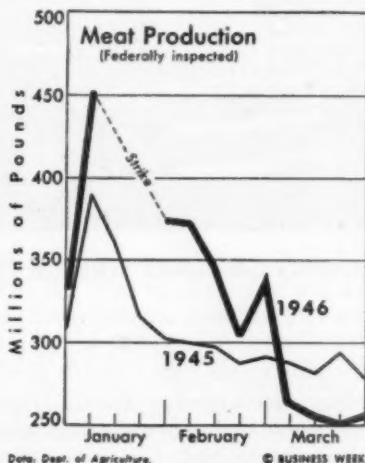
Packers, in their turn, maintain that OPA regulations make it impossible for them to bid against the black marketers so that livestock passes right through terminal yards.

Finally, OPA points to the vast increase in the number of nonfederally inspected slaughterhouses and admits that it hasn't the personnel to police their operations.

• **Feed Lots Outbid**—These small plants can't ship in interstate commerce, but they can bring cattle from Kansas City and Chicago and sell beef to nearby cities in their home states. Chicagoans say, in fact, that the industrial center of the meat industry

has moved from the Midwest to the East.

Whether these nonfederally inspected plants are cutting up all the meat that isn't going through the big houses remains an open question. In normal times, it would be assumed that some of the cattle passing through terminal markets were going to feedlots. But today lot operators can't see any future in overbidding black market operators for "grassers," and even if they could, most of them wouldn't be able to buy corn.



Match Suit Ends

Signing of consent decree in cartel case is acclaimed by Justice Dept. as major victory. Patents made available to all.

The U. S. Dept. of Justice announced this week a consent decree which solves the international match cartel and contributes another wreath of legal anemones to the memory of Kreuger. The suit attacking the combine was filed in the New York federal court on May 1, 1944 (BUSINESS WEEK, May 6 '44, p. 23), and the decree was entered on Tuesday.

The judgment marks the end of the Kreuger masterpiece—an agreement which the Dept. of Justice said was signed to halt a threatened fight between Swedish Match and American companies headed by Diamond Match Co. It was handed down 14 years after the spectacular "Swedish match" ended his life with a revolver shot from his luxurious Paris apartment. The case was heard round the financial world because it verified the depth and national sweep of the great panic.

• **"Successful Conclusion"**—In announcing the consent decree, Attorney General Tom C. Clark declared that "it brings to a successful conclusion one of the major cartel cases instituted by the Dept. of Justice," adding that it should mean "adequate supplies of quality matches at competitive prices for users all over the world."

Defendants are forbidden to deal in world markets, to restrict production or to fix prices of matches, match machinery, and match chemicals. The Dept. of Justice hopes that hereafter the smallest manufacturer can open "with the same technical advantage and know-how as the giants of the industry."

• **Defendants**—The defendant companies were: Diamond Match Co., Universal Match Corp., Ohio Match Co., B-F-D Co., Lion Match Co., Swedish Match Co., Transamerican Match Co., New York Match Co. Others of the companies also were named.

Wendell Berge, head of the Antitrust Division, charged that the companies had divided the world into noncompetitive markets. Specifically, he alleged that all but a small slice of U.S. business went to Diamond Match and other domestic producers named. It was set forth that Swedish Match got 45% of the United Kingdom market, a large share of the U. S. market, all of Europe except India; that Bryant & May, dominant British producer, got 55% of the United Kingdom market, the remainder of the Empire market, except India; that

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DEATH IN THE DESERT

Acres of planes—many of them warbirds with proud overseas records—now are bleaching in the Arizona desert as they await final disposal at War Assets Administration's Storage Depot 41 at Kingman. For six and a half

miles along famous Route 66, 7,000 Army bombers, fighters, and trainers offer tourists a new sight—and a review of air history. Most of the surplus planes will be sold for parts and scrap; some with low flying-time are still airworthy. Liberators and Flying Fortresses go for \$13,750; P-38 Lightning Fighters, for \$1,250.

Swedish Match and Bryant & May divided the rest of the world. It was charged that the cartel controlled sales quotas, patents, raw materials, manufacturing machinery.

•“Peace Treaty”—The case revolved around agreements signed in 1920 and 1929 between Kreuger and William A. Fairburn, president of Diamond. They were known as “the peace treaty with the Swedes” because they ended Kreuger's plans to invade the American market. It was charged that the agreements continued up to the outbreak of the war and were to have been resumed after its end.

As usual, I. G. Farbenindustrie, the German chemical trust, has a prominent place in the cartel picture. The judgment enjoins Diamond from renewing an agreement alleged to have enabled I. G. to monopolize for 20 years the supply of chlorate of potash, essential in match manufacture.

•Diamond's Denial—Concurrently with the filing of the decree, Diamond Match Co. publicly denied having participated in any cartel, said that it had consistently fought the Swedish monopoly and Ivar Kreuger.

The company pointed out that the decree “specifically recites that it is entered without any admission that the allegations of the government are true.” The firm said that the decree “does not

materially affect” Diamond's “plans or policies,” and that it was accepted to avoid months of litigation.

•Everlasting Match?—It was set forth in the suit that the match companies were not alarmed by cigarette lighters but were concerned over possible competition from the “everlasting match”—a match that can be used several thousand times before it is consumed.

The complaint charged that Swedish Match, Diamond, and Bryant & May conspired to scotch the everlasting match, after it had been successfully introduced in Holland and Switzerland during the 1930's. The consent decree provides for the licensing of all applicants who wish to produce everlasting matches.

•Another Disclaimer—In its public statement, Diamond Match said that it held no patent right on any everlasting match, that it knew of “no such practical commercial development,” and that if it did “it would try to be the first to sell such a device on the American market.”

Under the judgment, Diamond must grant royalty-free licenses to all applicants who want to use its patents. Available machinery plans and specifications for manufacturing matches must be supplied “at nominal costs” for a period of five years to anyone wishing to enter the business.

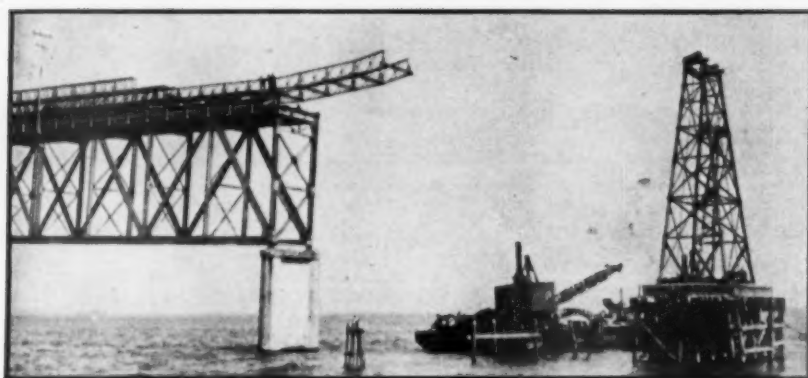
Milk Kettle Boils

Producers use both pleas and threats in effort to boost price to a new plateau before the federal subsidy showdown.

The wave of milk strikes and strike threats that has been felt recently in small-to-medium fluid milk markets from Washington, D. C., to Washington state reflects essentially the determination of milk producers to put fluid milk prices on a higher plateau before the boom bursts.

Milk is marketed in two forms—“fluid” milk for drinking, and “manufacturing” milk for conversion into such products as cheese, ice cream, and evaporated and condensed milk. Almost all of the manufacturing milk comes from the marketing areas around large cities such as New York and Chicago; production in small and medium areas sells almost exclusively as fluid milk, except in times of unusually large output when the excess is sold to distant manufacturers.

•Price Behavior—Prices of fluid milk, because of fairly constant demand which is met even by the producers for big cities before they sell to manufacturers,



QUICK RELIEF WITH A TEMPORARY FILLING

Having proved its worth under combat conditions, the Bailey-type bridge is now showing its value under emergencies of peace. Last month when a drifting freighter ripped out 240 ft. of the vital Grace Bridge over Cooper River at Charleston, S. C., it looked as if the span would be closed for a long time. The Tidewater Construction Corp., Norfolk, Va., suggested Bailey trusses, and Army engineers agreed to a loan. Last week the work crews began launching the trusses (above); by week's end the temporary span—supported by a prefabricated steel tower—was ready for traffic (below). It's just high enough to permit permanent repair work to proceed underneath.



very little if any from month to month. The entire brunt of the law of supply and demand, in the form of wide price fluctuations, falls on the manufacturing milk.

Ever since October, 1943, the government has been paying subsidies to dairy farmers to keep milk prices down. These "production payments," which make no distinction between fluid and manufacturing milk, are the most direct of all government farm subsidies, being collected directly by the farmers on evidence of having delivered a given quantity of milk.

• **Subsidy Varies**—The amount of the subsidy varies among different areas, the general range falling somewhere between 25¢ and 60¢ a hundredweight. (There are 46.5 quarts of milk to a hundredweight, so this comes to between ½¢ and 1¼¢ a quart.) Total payments in 1945 came to about \$500 million, about 13% of the year's total dairy farm income of \$3,764,000,000.

Both the subsidy funds and congress-

sional authority for the payments run out on June 30 unless they are continued in the OPA extension bill now pending (page 18). One of the last acts of Judge John C. Collet as Stabilization Administrator last February was to promise milk producers an equivalent price boost if subsidies were discontinued.

• **Preparing a Case**—So far the agitation for price increases has taken two forms. In the large markets, producers are relying on the professional talents of lawyers and economists to make out a case for revision of existing federal orders regulating those markets, so that price increases may take effect when and if subsidy payments are discontinued.

They want the entire equivalent of both the fluid and manufacturing milk subsidies added to the price of fluid milk because the latter makes up the stable, month-in-month-out source of income, while receipts from manufacturing milk tend to vary widely.

• **Strikes and Threats**—In the small and medium areas, pressure has taken the

more direct form of strikes and strike threats (only in Washington, D. C., among the large markets, have producers coupled a strike threat to their formal pleadings). But the primary purpose of the strikes is not to force immediate decision on what the price increase is to be if subsidies disappear. Rather it is to lift fluid milk prices to a new plateau now, regardless of the fate of subsidies.

Producers in these areas figure that if they can get their prices boosted now, they can use this new level later on as a base for obtaining additional increases in lieu of subsidies. Their arguments are based squarely on increased production costs.

• **Fairly Successful**—So far the picket line, even where it has been only a threat, has proved a fairly successful technique. OPA has granted a number of increases throughout the country. In the state of Washington, for instance, Everett producers got an increase of 48.5¢ a cwt., Bremerton producers 17.5¢. In Arizona, Phoenix producers picked up 35¢ a cwt. In all three cases, retail prices were boosted a cent a quart.

Other cities where increases have been granted include: Kalamazoo, Mich., Amarillo, Tex., Albuquerque, N. M., Seattle, Wash., and Cedar Rapids, Iowa.

• **Memphis Incident**—In Memphis, Tenn., OPA offered producers a 35¢-a-cwt. boost from \$4.53 to \$4.86. The dairymen, who had asked for 83¢, struck, partly because they thought the raise was "too little and too late," and partly because their distributors were not authorized to pass the increase along to consumers.

The effect of these scattered increases on the national average price has been small so far. The average for the country as a whole was \$3.29 a cwt. in March, compared with \$3.28 in February and \$3.26 in March, 1945. The average retail price was 14.9¢ a qt. in March compared with a price of 14.88¢ a year earlier.

As yet the Dept. of Agriculture has not ruled on any of the big city proposals for transforming the government subsidy into a price increase.

• **Action Deferred**—In a recent report on Boston hearings, the department announced that action on the price increase request had been deferred, at the same time that several other proposals relating to purely local problems were given tentative approval because of the need for action on them before the heavy production season of May and June.

BEER SHORTAGE FELT

The Mar. 1 government curtailment of grain usage by brewers (BW-Mar. 9'46,p17) brought acute shortages last

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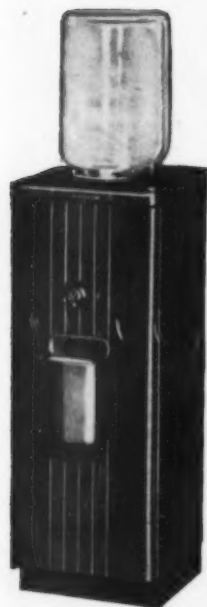
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GENERAL ELECTRIC
Water Coolers

week in many sections of the country with numerous small bars running completely out of beer, distributors adopting makeshift rationing, and breweries laying off thousands of workers.

Those who sought to buy for home consumption frequently found bottled beer as scarce as at any time during the war, when the industry was shackled by the Office of Defense Transportation delivery regulations and other restrictions. They wanted to know how come many dealers were completely without stocks when the actual production was only 30%. Wholesalers ascribed it to the usual rush to buy when a commodity first becomes scarce.

Many bars had already clamped down on boilermakers—whisky with beer chasers—and others have been limiting customers' consumption to something like five glasses.

The shortage has brought OPA into the picture, and the agency has warned bars not to reduce the size of beer glasses or raise prices. But bartenders still have a way around the quantity rule. They dish out beers with large heads, and so far OPA has no regulation limiting the size of "collars."

OPA Has an Ally

It counts on CPA to get essential clothing rolling from mills in event Congress does away with hated MAP plan.

In case Congress knocks out the thoroughly hated Maximum Average Price plan, OPA is hopefully counting on more and stiffer production controls to elicit a greater supply of essential clothing.

While waging a dogged battle to keep MAP, which forces textile and apparel manufacturers to produce as much low-priced goods as they do in higher price ranges, OPA is looking to its companion agency, the Civilian Production Administration, to come to its rescue if the fight is lost.

• **Steps Retraced**—Due to persistent supply shortages in several fields, CPA has had to retrace its steps, restore wartime controls for getting production where it will do the most good. The production agency is willing enough to pitch in on clothing, provided OPA will provide more price incentives.

For the first time, a joint OPA-CPA incentive program for boosting output of cotton textiles in needed categories was set in motion recently. Cotton loom operators were ordered to restore production of specified staple fabrics to levels in certain past periods. Because this entails diverting looms from fabrics with a wider profit margin, OPA offered

A Lighter Chevrolet

The race for low-priced, lightweight automobile sales intensified this week. The Chevrolet Light Car Division announced that it was seeking priorities to build an integrated production plant in Cleveland for a new car (BW-May 19'45, p10). Present plans call for output of the new cars by mid-1947 to fill the price void which has been caused by increasing costs on today's lowest price models.

Engineering has been completed on Chevrolet's light car entry. It will be new from the ground up. One Cleveland plant, in suburban Brook Park, will make axles, transmissions, and other basic units. A second, in nearby Parma, will stamp sheet metal and assemble the vehicle. Each plant will employ 5,000.

Decision to seek building priorities came after Chevrolet people canvassed surplus war plants in the Cleveland area and found none suited to their purposes. Powerhouses and office buildings are included in specifications for 2,500,000 sq. ft. of floor space.

Ford Motor Co. is going ahead also with light car plans, and Plymouth is expected to be an entrant as well. But Chevrolet's new division will function autonomously on manufacturing, promotion, and operations of its other programs, except in two respects. M. E. Coyle, Chevrolet's general manager, will also head up the Light Car Division, and sales of the new cars will be through established outlets.

...lure of a percentage increase in ... Similar action is likely on cotton ... bles, which is one step before the ... stage in the production cycle. The ... is at the source. Some thought ... being given to moving in on wool and ...

Coordination Sought—For closer inte- ... of price and production controls, ... ever, CPA and OPA officials are ... ing to top management in the ... ce of War Mobilization & Recon- ... ion. They want a coordinator to ... erwise directly the activities of OPA ... CPA.

They believe that Economic Sta- ... tization Director Chester Bowles ... ed in the right direction when he ... ppointed James F. Brownlee as his ... uty to promote interagency coopera- ... (BW-Mar. 2'46, p7), but complain ... the idea hasn't been pushed hard ... ough.



More "take home" pay for the working man

Union Metal engineers believe that the more a man produces, the more he can earn in real wages.

To this end Union Metal products, from skid boxes to trailer undercarriages, are engineered to help the worker do a better job, more quickly, and with less effort.

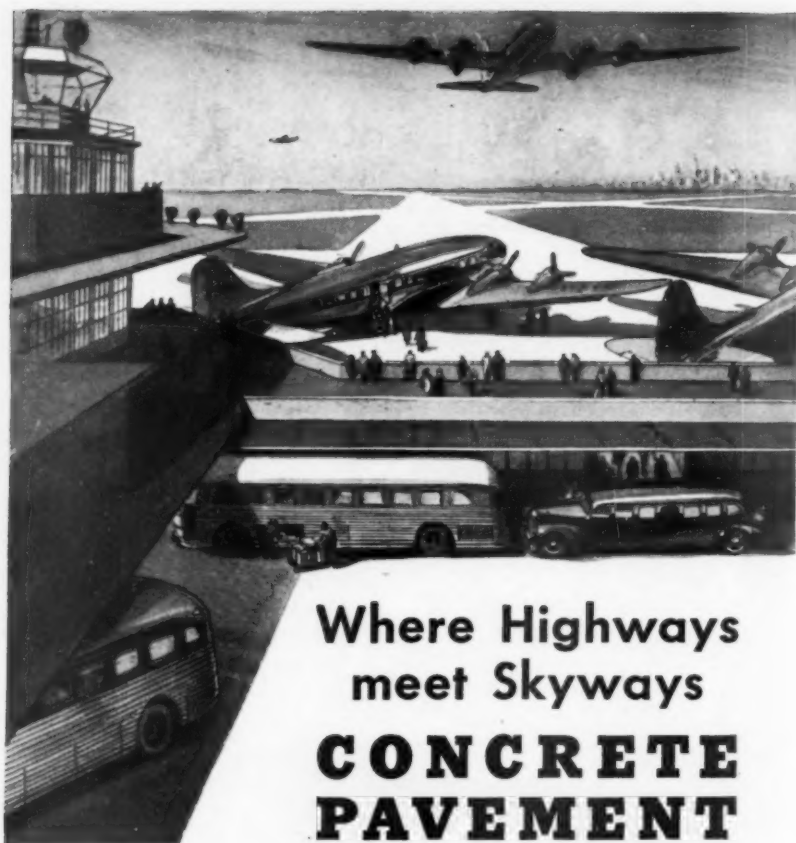
This increased product efficiency, achieved through years of experience in fabricating steel, also means

More profit for management

EXAMPLE: Union Metal's lightweight, tapered steel cargo boom. This cargo boom speeds loading because it's easy to handle. Saves manhours. Enhances a ship's appearance. You'll see thousands of them in the new merchant marine.

Maybe there's an idea here for you . . . for the improvement of your product. Union Metal's abilities include all phases of steel fabrication—design, engineering, production. For more details, write The Union Metal Mfg. Co., Canton 5, O.

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THROUGH long years of service and low annual cost, concrete pavement has contributed greatly to the sound development of transportation by highway and skyway.

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In addition to concrete's demonstrated strength to carry heavy volume motor traffic and the

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Low first cost, low maintenance expense and long years of service, mean *low annual cost*—the reason why portland cement concrete is the most economical pavement for principal airports, urban and rural highways and city streets.

Highway construction dollars will buy more pavement service, greater travel safety, when invested in concrete pavement.

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This new product is the answer of research to the problem of pavement scaling.

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A national organization to improve and extend the uses of concrete . . . through scientific research and engineering field work.

Shoes Still Short

Production is high, but demand is higher. Still under quotas and restrictions, makers say raw materials are hard to get.

Shoe production this year is expected to top 500,000,000 pairs and would further toward meeting the abnormal demand except for a shortage of leather.

OPA and CPA officials are not willing to accept the shortage as a permanent one. They suspect that tanners, who have had a price boost since March, 1945, are hoarding in anticipation of higher prices.

• **Quotas May Be Lifted**—Shoe manufacturers, much to their disgust, are still governed by production quotas. The CPA hears that some firms are violating them. The agency is expected to lift the restrictions soon. This may not last forever, say the manufacturers—people will not buy so many shoes when they can get automobiles and refrigerators.

But present demand is phenomenal. Ex-servicemen are buying several pairs of civilian footwear, and the popularity of men's casual footwear is further increasing purchases per male. Retail inventories, at an all-time low when rationing ended last fall, are still declining. Production of men's, women's, and children's shoes is not expected to be able to fill retailers' shelves till the end of the year. Women particularly will be expected to continue shopping around to find particular types, styles, and sizes. Men are more easily satisfied with what they can get.

• **Shortage of Hides**—The great demand for shoes is accompanied by disruption of raw material supplies. Before the war a substantial portion of all hides and skins were imported. But since the end of 1945 exports of cattle hides have been greater than imports, creating a hitherto unheard of situation. Increased competition from countries that were cut out of the market during the war has cut into supplies of foreign sheep and lamb skins. Imports of goat and deer skins, used in the manufacture of women's shoes, have dropped about 40% from normal levels, largely because of increased domestic use in leather and other exporting countries.

While the shrinkage of foreign supplies has been partially offset by increased domestic production of boot leather, the black market in cattle hides is currently responsible for the diversion of considerable quantities of cattle hides as most black market operators will run the risk of being caught by maintaining the hides. The few black market hides reaching the market are not pure

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... BUY BY WEIGHT, IN BAGS

Juicy oranges — *heavy*.

Pulpy, dried-out oranges — *light*.

There, in a nutshell, you have the reason why it's wise to buy oranges by weight in open-mesh bags.

Oranges weigh according to their juice content. And, of course, it's the juice you want, for orange juice is most likely your family's major source of vitamin C.

When, for example, you buy eight pounds of oranges in a Bemis Open-Mesh Bag, you're sure of about two full quarts of juice. But when you buy by the dozen, you're not sure . . . you

may be paying more for skin and pulp.

That assurance of full value in juice and vitamins is a real economy. Add the advantages of quick self-service, a strong, protective container and visibly fresh fruit . . . and you see why so many more families are buying oranges by the pound in Bemis Open-Mesh Bags.

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25 PLANTS THROUGHOUT
THE COUNTRY

how to get
hand craftsman finishes
at mass production costs



Experienced manufacturers know that quality, delustered finishes are famously good persuaders in making sales of most products for personal, domestic or commercial use.

But such finishes have ordinarily involved long, expensive operations.

Welcome today, therefore, is Santocel, Monsanto's unique silica aerogel flattening agent. Small amounts of Santocel easily incorporated in lacquers, varnishes, or synthetics have proved "two to three times more efficient than usual flattening mediums."

In addition to the smooth, flatted finishes, Santocel provides six more important sales making factors for finishes:

1. Greater clarity
2. Increased surface hardness
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Let us supply you or your finishing superintendent complete Santocel-fine-finishing data... write, wire or phone: MONSANTO CHEMICAL COMPANY, Merrimac Division, Everett Station, Boston 49, Mass.

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quality because of improper handling.
• **Other Users Cut Supply**—Increased competition for available supplies from other consuming industries, principally luggage and handbag manufacturers, has cut further into the amount of leather obtainable for shoes.

Domestic tanning materials are also in short supply. This means a greater dependence on imports, which have been spotty since the end of the war.

Floods Harnessed

Wisconsin companies plan privately financed \$2,500,000 hydro project to firm power during low stages of river.

A \$2,500,000 waterpower project to be privately financed was announced last week by the Wisconsin Valley Improvement Co., Wausau, Wis., owned by seven Wisconsin public utility and paper companies. The company has operated profitably since 1907.

• **A 20-Mile Lake**—The new project will store flood waters for firming up hydro-electric capacity of power producers during the low-water stages of the Wisconsin River. The company now has 17,000,000,000 cu. ft. of existing storage capacity in 22 reservoirs it operates on the river.

The reservoir, to be named for George W. Mead, Wisconsin Rapids paper maker, will add storage capacity

of 18,730,000 cu. ft. It will occupy site of an abandoned drainage ditch in the Little Eau Pleine valley, 2½ miles south of Wausau. Surface area will be 9½ mi. by 20 mi., depth 25 ft., largest man-made lake in the state.

Construction awaits three developments: (1) approval (expected) by commission; (2) purchase of 13,000 acres, now being negotiated, to make out the 22,500 acres of flowage already owned; (3) delivery of materials and equipment—expected sometime this year.

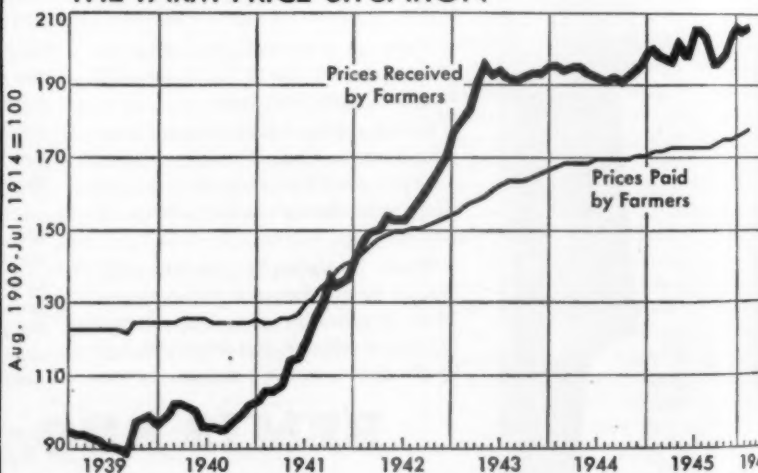
• **Lift of 25 Feet**—Earth fill of the dam will be 16,100 ft. long and 270 ft. wide at its base, with a 12-ft. crest. The concrete section will be 125 ft. long, equipped with four Tainter gates.

Of the water required to fill the lake, 75% will have to be pumped to a height 25 ft. above its source, flood waters of the Wisconsin River. The project satisfies a major engineering requirement for profitable pumped-storage, providing a subsequent aggregate lift of 236 ft., in ten useful stages, and eventually 320 ft.

Production of electricity from the system will add 68,000,000 kwh. to the firm generating capacity of the Wisconsin river by 1945.

• **Pump Capacity**—Four coaxial pumps with adjustable blades 110 in. in diameter will lift 2,250,000 gal. min. from the river into the reservoir, greater volume than the normal flow of the river. Expectation is that it will take a month of pumping during next spring thaw to fill the lake.

IN THE OUTLOOK: THE FARM PRICE SITUATION



The principle of bringing prices received by farmers into line with prices paid (including taxes and interest) was given legal standing in 1933. But it was not a hope until war put some zing into demand for farm products. By the time Pearl Harbor, the two had pulled up to the "parity" that existed before the war (page 116); then farm prices went ahead. But recently industrial prices have been nudging up and the "bulge" in the price line is yet to be fully felt.

In Search of Oil

Technical explorers keep up lively hunt for resources that will be needed if reserve of U. S. is to be maintained.

How much oil the United States will have in underground reserves for future needs is largely dependent upon the work of fewer than 5,000 technologists in what the petroleum industry considers one of the really high-paid branches of engineering.

Last week 1,400 of these experts gathered in Chicago for the annual meeting of three organizations whose titles and agenda might well prove baffling to many laymen: American Assn. of Petroleum Geologists, Society of Exploration Geophysicists, and Society of Economic Paleontologists & Mineralogists.

Among the Names—Biggest name of the lot was Eugene Holman, an oil geologist who climbed with a rock hammer in his hip pocket to become president of Standard Oil Co. of New Jersey. But there were other names that mean a lot among oil-finders: Richfield's Harold Hoots, credited with the newest good field, inside the city limits of Los Angeles but as yet neither named nor delimited; Pure's Ira H. Cram, who in 1940 proved the big Cumberland (Okla.) field, and Theron Wasson, who opened the rich Illinois field nine years ago; Ohio Oil's Frank R. Clark; Leland

Stanford's A. I. Levorsen; and Seaboard Oil's Lawrence S. Chambers.

In general, scientific oil-finders are less apprehensive about our future supply than is Washington.

• Reserve Increased—They point out that the U. S. has approximately one-eighth of the world's possible oil-bearing land, has produced nearly two-thirds of all the oil thus far used. And they brag that despite the tremendous take-out from domestic fields during the war years, accompanied by a serious shortage of equipment and competent personnel, the proved reserve increased by approximately 500,000,000 bbl. a year, is now above 21,000,000,000.

These estimates are based on what is economically recoverable under today's conditions. Better extraction techniques, lower costs, or higher prices could boost the figures 50% or more. We have already learned how to increase spectacularly the recovery of oil from underground; it started at 20%, is now 80%.

• Looking Ahead—Some industry economists estimate U. S. oil production for the next 20 years must average 1,500,000,000 bbl. The consequent need is for 30,000,000,000 bbl. of discoveries if the reserve is maintained during the two decades.

Exploration activities in the U. S. reached a peak about V-J Day, have been seesawing along ever since on about the same level. A recent estimate by World Petroleum tabulated as the average number of field crews at work last year: 562 geophysical, 361 seismic reflection and refraction, 172 gravime-



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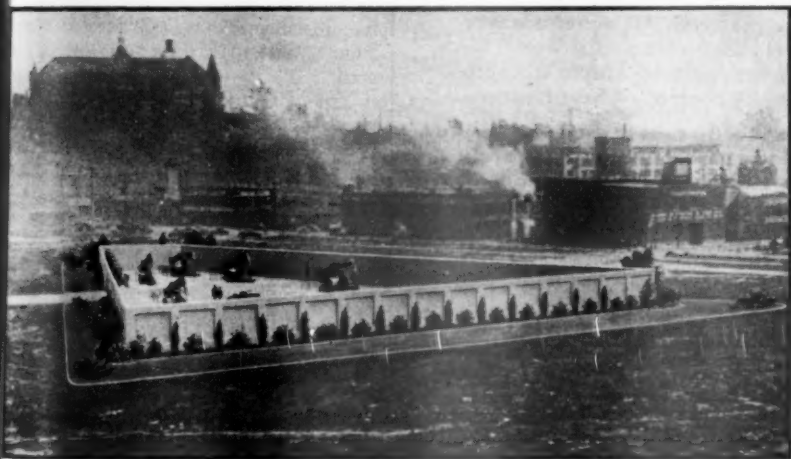
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Joseph J. Cheney
President

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When Los Angeles' city fathers refused permission to the Continental Oil Co. to drill for oil on 100 acres east of the Los Angeles River, company officials—and artists—put their heads together, came up with plans to make the oil wells scenic. Their sketches (above) of a glamorized oil field on the site changed the councilmen's minds. Work on the first well will start in 60 to 90 days. Tanks will be buried, most of the remaining equipment concealed behind a 4-ft. to 6-ft. wall, which will incidentally minimize fire hazards.



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DEEP DRAWN SHAPES AND SHELLS

ter, and 29 others, at a total cost just below \$50 million.

Many a head geologist complains that exploration activity is so lively he cannot send a crew to even a remote area without finding at least two competitors' crews already at work. Practically every producing company is looking for geologists.

● **Search Intensified**—Ever since the depression of the 1930's, the search for oil has been quickening, and there is as yet no sign of its slowing. Exploration is one of the more volatile activities of the industry, will presumably remain abreast of the business cycle.

The geologists and their fellow scientists in the exploratory branch are using every tool that they have ever used successfully, and doing it more skillfully. But every top petroleum geologist dreams of new developments comparable to the reflection seismograph of the late 1920's and the gravimeter of the mid-1930's.

Hospital Costs Up

Rate increase ordered for Michigan Blue Cross unit has pointed up a problem faced, in some degree, by all such plans.

Blue Cross nonprofit hospital insurance organizations like to keep rates down, enrollments up. Hence, officials of hospital associations elsewhere are eying unhappily the 35.8% rate increase to subscribers recently ordered by the state insurance commissioner for the Michigan Hospital Service, third largest unit operating a Blue Cross plan.

The M.H.S. rate increase was ordered after the service showed for 1945 an operating deficit of \$800,000. Excess of payments to hospitals over income reduced the service's reserves to \$300,000.

● **A Headache for All**—Increases in the cost of operating hospitals, chief cause of the Michigan difficulties, are becoming a headache for all 86 Blue Cross plans. Although none has as yet experienced problems as serious as Michigan's, last year 17, or a fifth of the plans, put into effect 5%-10% rate changes. Some increases were accompanied by added benefits, others merely amounted to dropping the combination rate for husband and wife.

Earlier this year, difficulties over rates of payment to member hospitals led to withdrawal of 15 Michigan hospitals from the service (BW—Feb. 9 '46, p. 22). Along with the increases in subscriber rates, the Michigan plan is drawing up new contracts with member hospitals.

● **Deficit Is Unique**—Blue Cross subscribers elsewhere can take comfort

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5 Drums	Zirconium Silicate	5 Drums	Zirconium Silicate	5 Drums	Zirconium Silicate	5 Drums	Zirconium Silicate
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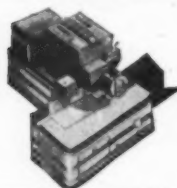
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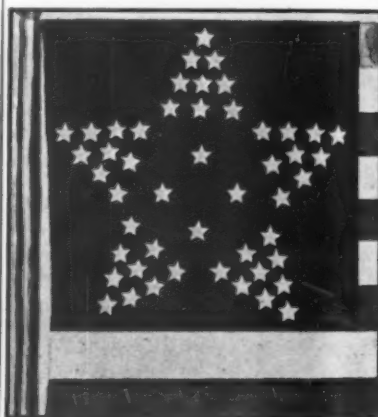
from the fact that the Michigan Hospital Service was the only plan to show a deficit last year. For the country as a whole, Blue Cross plans placed in reserves an average of 6% above their payments to hospitals and their operating costs.

Though a fifth of the plans have upped rates in the past year, four-fifths have increased their payments to hospitals for subscribers' bills. In 1940, 70% of Blue Cross income went to hospitals; last year the percentage had risen to 81.6%. Operating expenses have remained steady at around 124% of total income.

Biggest factor in increased hospital costs is wages, though food and other costs have also contributed. Prewar wage rates for all classes of hospital employees were indisputably low. Now hospitals must compete for help in the labor market with higher pay.

• **Up at Least 40%**—Surveys show that costs generally are up at least 40% over prewar levels, and in some areas as much as 60%. Nationwide moves for a 40-hour hospital week and for pensions are expected to push costs still higher.

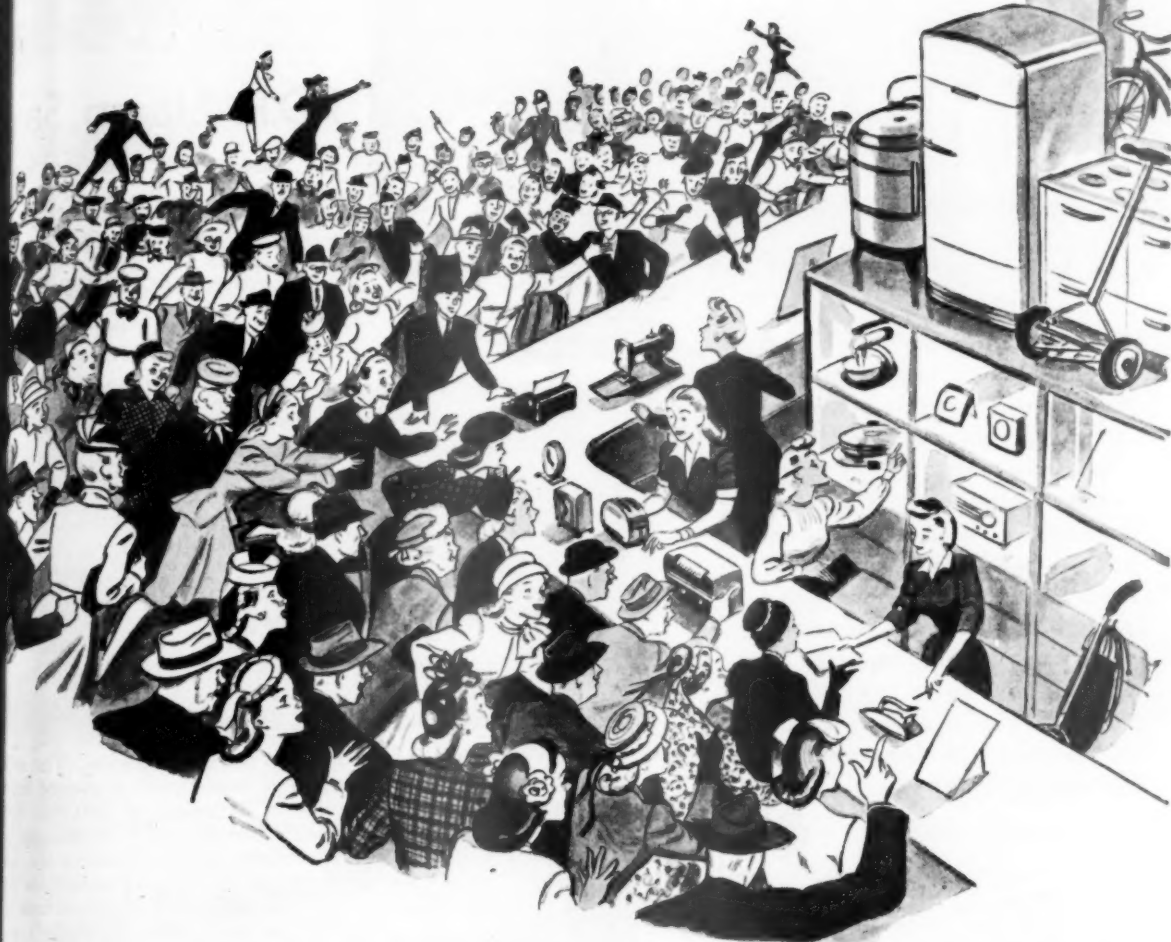
Blue Cross officials, watching the trend, think they see four possible courses for meeting the problem: (1) getting wider coverage, to eliminate overloading of units with the poorer risks; (2) persuading hospitals to keep payment scales low; (3) increasing rates; (4) decreasing benefits to subscribers. Since they fear that higher rates and



STARRY FORECAST

With statehood quite possibly in the cards for Hawaii and Alaska, Betsy Rosses the country over are flooding Washington with flag designs to take care of the 49th and 50th stars. One suggestion, that of Mary Hrab of Pittston, Pa., consists of a big five-pointed star (above)—each point made up of nine small stars—and an inner circlet. It's elastic enough to cover any latecomers into the union.

Counter attack!



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smaller benefits will slow up en-
ments, they favor the first two coun-
• **Scope**—Blue Cross now claims al-
21,000,000 members in its 86 pla-
Thirty-four plans now offer addi-
ally some form of medical or surg-
insurance to subscribers. Last year to
income for all plans was \$128 mil-
Payments to hospitals were \$105
lion. Operating expenses amounted
\$15,800,000. More than a mil-
admissions, for an average stay of
days, were paid under the plans.

F.D.R. Stamp Sale

Roosevelt collection, which
had been appraised at \$80,000
issold for \$210,875. Outstanding
items were proofs from bure-

Sale at auction of the stamp col-
lection of Franklin D. Roosevelt (BV
Dec. 22 '45, p. 24) was completed
week by H. R. Harmer, Inc., New York
branch of a London firm. The total
realized was \$210,875.

In stamp-dealing history the Roo-
velt sale will be counted small al-
side such big-time auctions as those
which were sold the stamps of the
Arthur Hind of Utica, Count Fern-
of Paris, or Col. E. H. R. Green
New York. The Green collection,
yet only partially disposed of, has
ready produced a cash total of ab-
\$1,500,000.

• **Added Value**—But the Roosevelt
holds one high-water mark that is
likely to be exceeded soon. The col-
lection was competently appraised for
value of its stamps at \$80,000, but
actually brought 263% of the apprais-
The excess represents either the sen-
mental attachment of collectors or
eager for a Roosevelt association it-
than for their philatelic money's worth
or else hardheaded dealers' appraisal
of what they could get from custom-
not represented in the bidding.

Outstanding items, accounting
25% of the total take, were proofs of
United States stamps between 18
and 1933. These were in presentat-
albums, the gift of the Bureau of En-
graving & Printing.

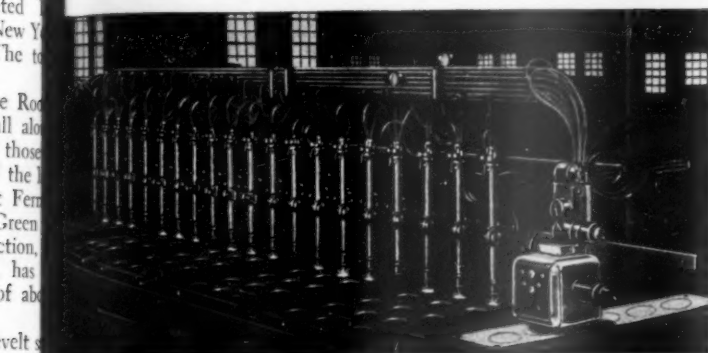
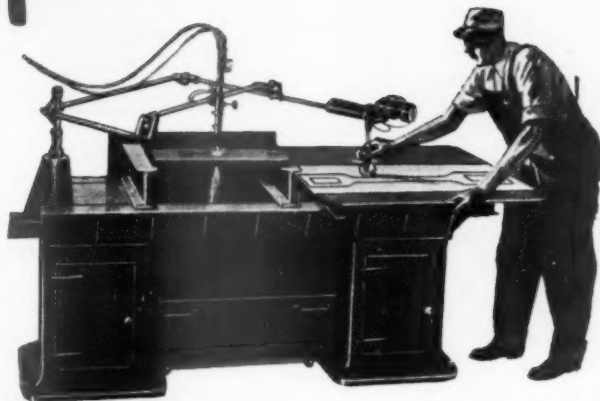
• **Many Gifts**—Relatively few items
the late President's collection were
outstanding rarity or value. The bulk
of the value, aside from the proofs, was
in collections presented to him by stamp
collectors and foreign groups or pri-
vate citizens. Gifts received from for-
eign nations or their rulers were turned
over to the U. S. government, are now
in the Hyde Park museum.

Although by no means the largest
collection in this country, this had more
influence on the world—and on stamp-

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and tomorrow...

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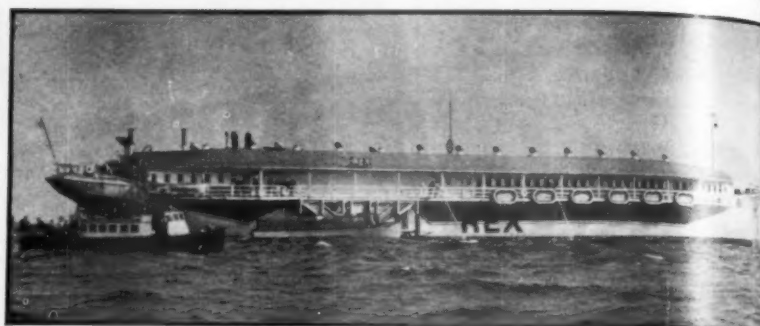
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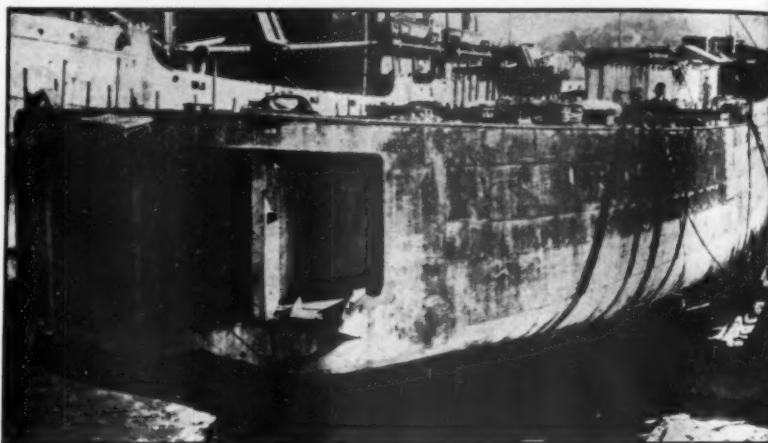
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PREPARATIONS FOR AN EXPECTED BIG HAUL

A replacement for "Admiral" Tony Cornero's much-publicized gambling barge Rex (above), scuttled six years ago by California officials, may be the ancient Aroostook (below), which has served as a Navy mine layer and as an Army barge. The 40-year-old Aroostook is now being towed from Seattle to Los Angeles for conversion into a floating casino. Until Cornero lost his three-year legal battle in 1939 with Earl Warren—then attorney general, now governor—his gambling fleet in Santa Monica Bay was big business. The Rex alone netted an estimated average of \$75,000 weekly on gross bets of \$300,000. Los Angeles gamblers, recalling these statistics and noting the present ease of gambling, were more than anxious to provide the initial capitalization of \$500,000 for Cornero's new venture. But Los Angeles law agencies adamantly declare they'll prevent any resumption of off-shore gambling.



collecting—than any other is likely to exert. The President gave some time to it every day, usually just before he retired, and pronounced it unexcelled relaxation.

The publicity given the President's hobby was the greatest boost ever received by U. S. stamp collectors and dealers.

PRO-AKRON CAMPAIGN

Akron is being warned again that it will have to work aggressively to retain its position as the world's tire capital. This time the Akron, Canton & Youngstown Railroad Co., which operates 169 miles of railroad across northern Ohio, is doing the warning, via an advertising campaign.

Both before and during the war, the rubber industry showed an increasing

trend to decentralization (BW-Feb. 24/45, p19). Under the stimulus of war, ultramodern tire production facilities were spread across the nation.

By the year end, the nation will have facilities to produce an estimated 100,000,000 passenger tires annually—nearly twice the prewar output. In normal years before the war, the industry already had an overcapacity. And now Akron, as a result of the new facilities, is left with one of the highest unit costs in the industry and with some of the oldest equipment.

Seeing this, A.C.&Y.'s youthful president, H. B. Stewart, Jr., is telling Akron residents that it's up to them to decide how to meet the competition. Admitting the dependence of his railroad on Akron's dominance in the rubber industry, he insists that every other Akron business is in the same boat.

Cities Seek New Income Sources

Large surpluses piled up by many states are eyed covetously, but they are having financial troubles, too. New York City leads with unique levies to supplement revenue.

Most state and municipal finance officers found the war years a picnic. Collecting taxes was a cinch. It was easy to build up reserves or cut down outstanding debt—in many cases to do both. Cash income was increased by the high-speed industrial activity of a nation at war, by sharply lower relief rolls, and by the wartime bans and manpower shortages that combined to hold down even normal construction and maintenance expenditures.

Reserves Pile Up—State governments, as a whole, were able to lop off almost a third of their outstanding debt, and reduce that to less than \$2,500,000,000, during the four-year war period, at the same time accumulating a substantial cash kitty. Mainly invested in U. S. government securities, the postwar reserves of states are close to the \$5 billion mark.

Many municipalities similarly used war-inflated incomes to reduce outstanding funded debt. A number of once-dangerous, or potentially troublesome obligations were also liquidated. Most cities, however, weren't permitted under existing laws to build up reserves or to sock away any part of war-swollen revenues to take care of rainy-day needs.

Efforts were made by municipal authorities in various areas to correct this situation. They met with some success, or legislatures of over a dozen states have since "legalized" the building up of "reserves" by cities at times when revenues are outstripping costs.

Doesn't End Trouble—The resulting benefits often have been "too little, too late." And despite the wartime prosperity many municipalities still find themselves pretty dependent on the continuation of state largesse to help meet pyramiding postwar operating costs and to get, or keep, their financial houses in order.

Obviously, the huge war-created cash reserves (already nicknamed "act of God" surpluses by political wags) now held by most states (boastfully by some) are a particular target. In fact, so many pressure groups, plus less-opinionated citizenry, are using them as the basis for so many sorts of money-spending or tax-reduction demands that officials are finally wondering if a state deficit isn't probably the only thing that can

be more bothersome than a state surplus.

• **Funds Earmarked**—How far municipalities can draw on the reserves their state has built up is problematical. Most states, for example, have already earmarked substantial portions for use on specific jobs, particularly road construction, since many main traffic arteries emerged from the war badly battered. Like municipalities, states are similarly faced with demands of wage increases, and costly expansion of various services.

Many cities, therefore, are not counting too much on state aid. Instead, they are avidly seeking new ways (painless or otherwise) to compel their citizens to shell out additional tax revenues. Most are trying to avoid adding to the already heavy tax load on home owners.

• **Manhattan Problem**—New York City, the nation's largest municipality, which

now faces a \$849 million 1946-47 budget (a new all-time high in city costs), provides a very good example of tax troubles.

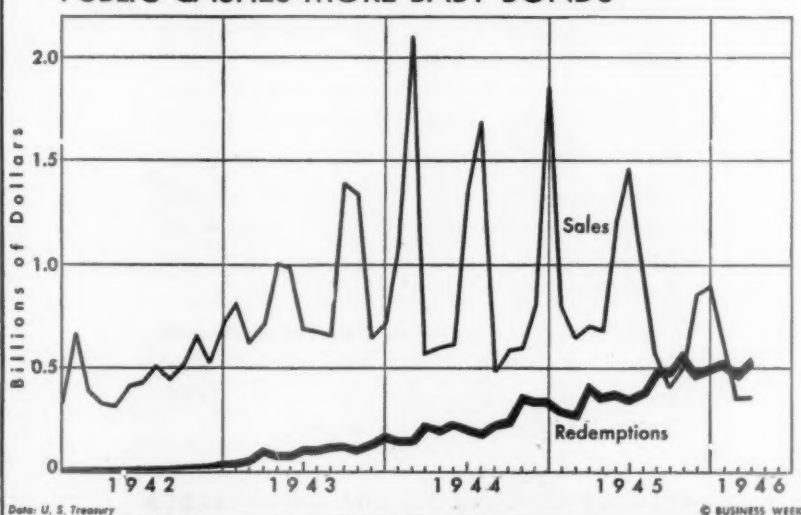
Fiorello La Guardia's successor, Mayor William O'Dwyer, wasted little time after he assumed office at the start of 1946 requesting state permission to invoke a series of special taxes designed to bring in some \$142 million of additional revenues annually.

Favored by O'Dwyer were types of levies never used previously by the city, such as a 5% tax on bills rendered consumers for all utility services except water, an 0.5% tax on payrolls, and a luxury tax to start when the same federal impost was returned to its prewar levels. Also desired were a 10% tax on hotel room rentals running above \$2 a day, a 10% tax on admissions, a 5% share in the pari-mutuel betting at New York's horse racing tracks, and doubling of the city's present sales and business taxes.

• **Part O.K'd by State**—The city, in the end, did not get all it wanted. However, despite the objections raised to the new taxes, particularly by those wanting a sufficient subway fare increase to put the municipally owned transit system on a paying basis, it didn't come out too badly.

Last week, New York's Gov. Thomas E. Dewey signed a bill authorizing the

PUBLIC CASHES MORE BABY BONDS



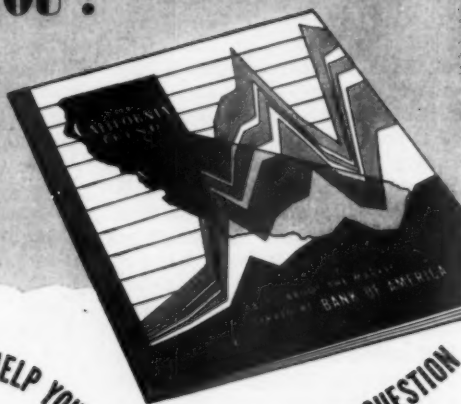
Long before the war ended, Treasury experts were worrying about what would happen to sales and redemptions of U. S. war bonds once the pressure of patriotism relaxed. So far, the record has been fairly reassuring. In February and March (as well as last October, before the Victory Loan Drive) redemptions of Series E bonds topped sales, but there has been no concerted rush by investors to unload their bonds. In March, sales of E bonds, now called U. S. savings bonds instead of war bonds, ran \$371 million, redemptions \$550 million. While this leaves the Treasury out of pocket about \$179 million on its E bond account for the month, the effects on the inflation picture are small in comparison with what the experts feared.

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O'Dwyer administration for three years (1) to double the present 1% sales tax and the 0.05% and 0.1% business and financial levies; (2) to institute a 5% tax on hotel rooms renting for \$2 or more nightly; and (3) to collect a full 5% slice of pari-mutuel betting totals at tracks entirely located within city limits and 14% of the similar wagering at a track located only partly in New York.

• **City Gets Airport Aid**—Expected to add some \$69 million to New York's annual tax revenues, these new levies will be made operative as quickly as possible. Particular haste is being shown in installing the levy on betting since the local racing season has opened and that new tax alone is expected to bring the city at least \$10 million annually.

Also passed to help solve the city's many postwar fiscal problems was a bill setting up a New York Airport Authority to relieve it of financial burdens incurred in its sponsorship of the expensive, still uncompleted Idlewild Airport project. The city likewise received permission to increase its revenues, when it desired, by the installation of street parking meters.

• **New Taxes in Ohio**—Postwar fiscal problems, however, are not peculiar to New York. All over the country cities are instituting similar new taxing mediums.

Toledo, despite the howls heard when it first suggested the device to solve its money-shortage (BW—Jan. 19'46, p. 70), finally passed a 1% tax on wages and net corporate profits. This was made effective Mar. 1, and other Ohio cities, remembering that Philadelphia, the first to install a wage tax, has since collected over \$100 million through its use, are keeping their eyes on the performance of the new levy.

In Ohio, also, Columbus some time ago (BW—Jun. 9'45, p. 76) instituted a 5% consumers' utility tax counted on to supply \$850,000 additional yearly income. Previously, it had added a garbage collection tax with considerable success. A similar 2½% utilities tax has been in effect for over a year in Youngstown. It is now facing a state Supreme Court test, after having been upheld in two lower courts, and greater use of that particular levy is expected in Ohio if its validity is finally established.

• **What Others Are Doing**—Baltimore is another to take recent and successful steps to protect itself. It has received from the state unlimited taxing power for two years to tide it over any postwar financial crisis without having to increase its present levy on real estate.

The San Diego city council is also looking for new tax sources. It early learned that a sales tax would be most unpopular; so it is said now to be considering a new levy on hitherto untaxed trades and professions, and a car-use tax, calculated to bring in \$250-

00 yearly, which would replace the former federal auto levy.

Denver has done something different to augment its income. Recently it passed a local \$6 million government-owned aircraft modification center for a year and promptly rented parts of the property to two airlines for around \$100,000 yearly. Greeley, Colo., and Saginaw, Mich., are similarly acquiring new income through city-owned-and-operated parking lots.

It Didn't Work—A Florida city, however, almost got the blue ribbon. The administration of that municipality, once ousted in an election, recently requested and had almost secured a coveted radio channel until the Federal Communications Commission belatedly learned that the city had no idea of setting up a new broadcasting station. The city ostensibly intended to auction off such radio "rights" to the highest bidder to provide itself with additional cash income.

Brewster to Quit

Liquidation vote finishes labor and production troubles of wartime plane producer. Book value reported at \$4.91 a share.

Stockholders of Brewster Aeronautical Corp., one of the unluckiest of the wartime plane producers, have decided to take the advice of their directors and get out while they are more or less even with the game.

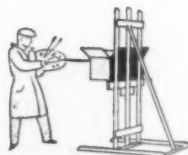
No Surprise—By the top-heavy vote of 417,414 shares to 4,318, stockholders have just authorized the management to file a certificate of dissolution. This action gives final approval to the directors' proposal to wind up the business entirely instead of trying to struggle along producing some kind of civilian goods (BW—Oct. 20 '45, p. 76).

The decision to liquidate is a bitter disappointment to many shareholders, but no surprise. Wracked by labor and management troubles and roundly criticized by government officials, the company has been in hot water so often that the owners have forgotten how to be hopeful.

Profits Elusive—Brewster was formed in 1937 and was taking defense orders by 1939. It soon outgrew its original quarters in Long Island City, N. Y., leased additional space in Newark, N. J., and then took over a new government-owned plant at Johnsville, Pa., near Philadelphia.

War orders brought more pain than profit, however. The Army and Navy, disgusted with lagging production, forced two changes of management. In 1942, they seized all three plants (BW—

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TO HEAD CLIMAX

Sometime before June 30, Arthur D. Storke (above) will succeed Max Schott, who will retire as president of Climax Molybdenum Co., the world's largest molybdenum producer. A director of American Metal Co., Storke recently completed a report on the Malayan tin situation for the government. Climax reported recently that its huge Colorado mine, which supplied three-fourths of U. S. war output of molybdenum, turned out more than 18,000,000 lb. in 1945—28,000,000 less than its 1943 record. With its new reserves, Climax figures its proved and probable ore at about 260,000,000 tons, containing 1,600,000,000 lb. of recoverable molybdenum—more than a 30-year supply.

Apr. 25 '42, p. 8). Later they installed Henry J. Kaiser as board chairman, hoping that the Kaiser magic would work through a laying on of hands. Kaiser left the following year reporting that Brewster was back on its feet, but the company's production record was never better than so-so; neither was its profit showing.

• **Book Value Uncertain**—When cutbacks started to come, both the Army and the Navy quickly dropped Brewster. The company was hustled out of the Johnsville plant on July 1, 1944, and retreated to Long Island City. Since then it has done some small-scale manufacturing of war materials, while directors played with the idea of converting to household utensils or other civilian items.

Present book value of Brewster stock, as reported by the company, is \$4.91 a share, but unsettled claims and litigation

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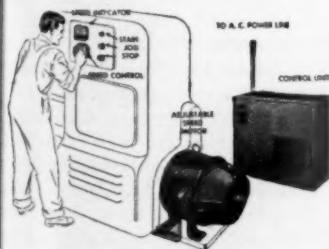
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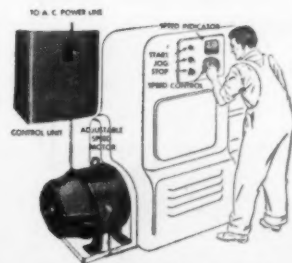
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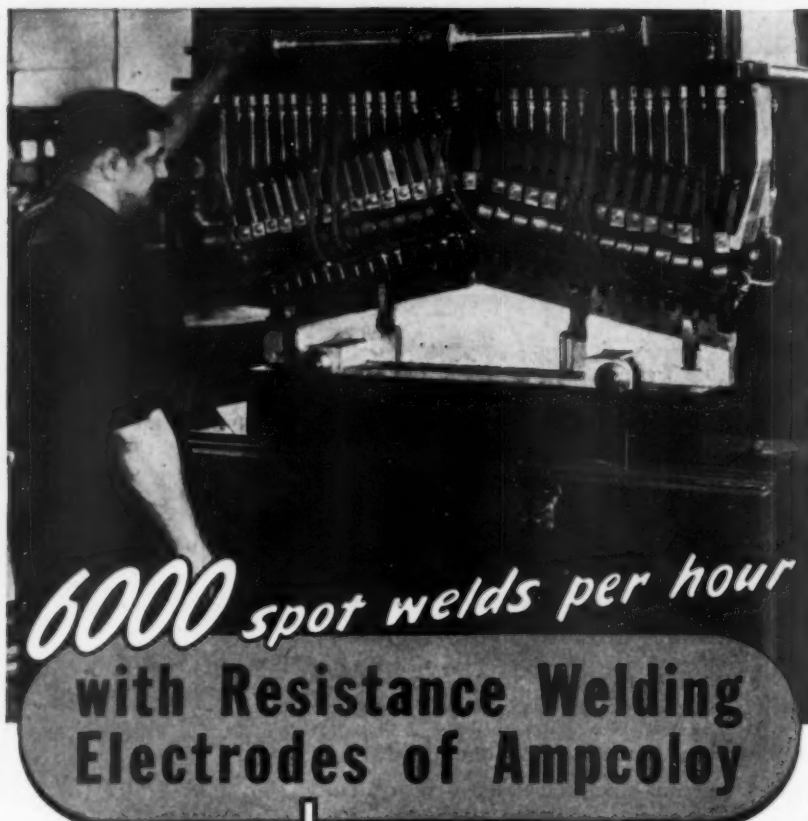


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tion may make considerable difference in the final figure. The going price on the New York Curb is about \$5.25 a share, which represents the market's best guess of what liquidation will bring.

On this basis, most of the original shareholders would get back just about what they paid in. The biggest block of Brewster stock, 187,500 shares, was sold in 1937 at \$5.50 a share. On the exchange, the stock has ranged from a high of 17½, in 1940, to a low of 1½ in 1944.

Underlier Trouble

Pittsburgh Railways Co. and parent Philadelphia Co. told by federal judge that they have to reorganize or be liquidated.

The city of Pittsburgh has just concluded another round in its long battle to force the Pittsburgh Railways Co. to reorganize and drop its 50 odd underlier companies, which the city claims keep the utility in bankruptcy.

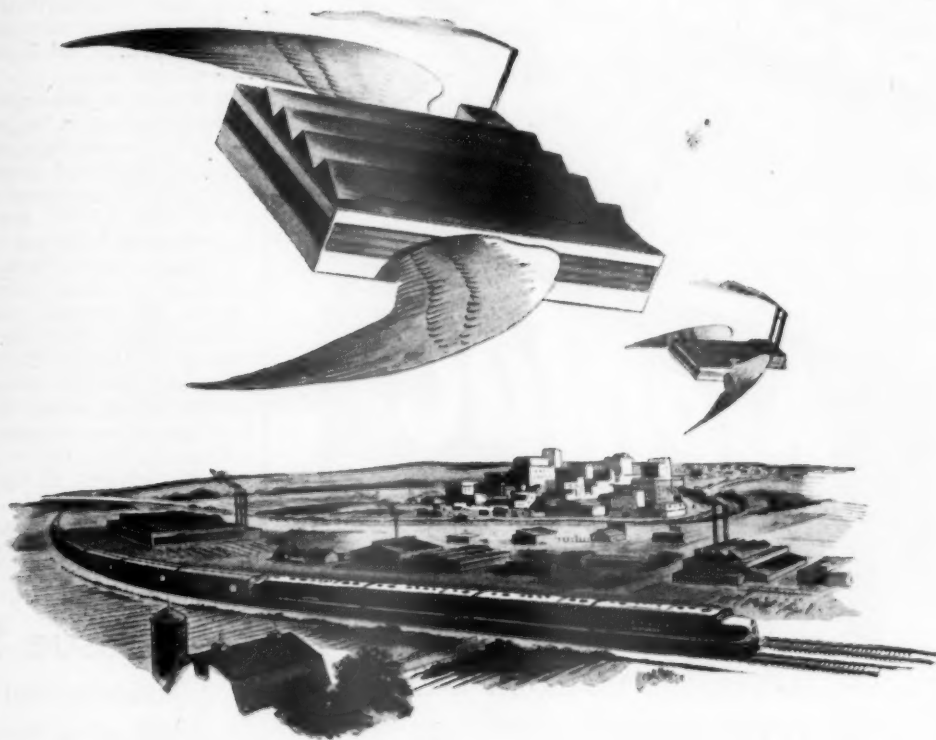
Latest skirmish was in the U. S. Circuit Court of Appeals in Philadelphia, where the city has taken its case after losing in the U. S. District Court at Pittsburgh. The circuit court took the city's petition under advisement, and Judge John Biggs, Jr., warned the company and its parent, the Philadelphia Co., subsidiary of Standard Gas & Electric, that they must reorganize in a hurry or be liquidated.

● **With 536 Franchises**—The majority of the underliers are owned by the Philadelphia Co., but most of them have public bond issues or other securities outstanding on which Pittsburgh Railways has assumed responsibility. Legally, they control 536 franchises covering the routes over which Pittsburgh Railways has operated its 500-mile system since 1902.

The underliers are relics of the days of the horse and cable cars. Some of their franchises run from 800 to 999 years. The underliers are mainly responsible for the fact that the system's fixed charges before bankruptcy ran about \$3,500,000 a year, a figure the city contends precludes the possibility of improving and extending its service to meet mass transportation needs.

Some of the underliers date back to 1859, when charters were easily obtained from a complaisant legislature. All were backed by franchises, just as easy to get, some not more than a mile in length and some on streets in boroughs not even laid out.

● **Guaranteed Leases**—Nine of the underliers have guaranteed leases from the railways company and the lease payments must be made whether or not the



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And traffic managers know they can rely on the 8,000-mile Southern Railway System for all-weather, efficient, economical mass transportation service to bring supplies to the factory and to take finished products away.

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company makes a profit. Two of them, the Monongahela Street Railway Co. and the Pittsburgh & Birmingham Traction Co., are owned by the Mellon interests.

In 42 years, the utility, it is estimated, has paid the Mellon interest more than \$18,000,000—for their lease rentals; for federal, state, and local taxes and for interest and eventual redemption of bond issues.

● **In Process of Bankruptcy**—Pittsburgh Railways has been in the process of bankruptcy for the past eight years. Its latest yearly report showed operating revenue of \$21,480,946 compared with a low of \$11,261,000 in 1933. But a net operating loss of \$427,516 was reported.

The city's fight is being waged by a brainy, good-looking solicitor, Anne M. Alpern. She contends that the underliers are ghosts which own no track, no cars, no car barns, or other railway equipment, and that their corporate entities are maintained merely to drain funds from the railway company.

Opposing Miss Alpern was Thomas Munsch, Jr., attorney for Philadelphia Co., which is 96.8% owned by Standard Gas & Electric, a holding company with utility holdings in 15 states and Mexico.

New Issue Switch

Accent in that market is on stocks rather than bonds as a result of low yield trend recently exhibited by latter.

There are few doubts in Wall Street that the security market trend is still basically bullish. The sharp February "Bowles market" spill, however, very definitely quenched much wild-eyed speculative fervor over the immediate price trend.

March trading on the New York Stock Exchange, for example, provided the lowest total reported there in six months. It was also the poorest showing for any similar period since 1942 and Big Board bond trading totals in March, 1946, actually proved the lowest reported since August, 1940.

● **A Different Story**—In Wall Street's new issues market it's a different story. In that mart, total March sales exceeded the \$470,000,000 level, a figure some 36% above March, 1945, financing offerings of new domestic corporate issues alone were almost double those of the same month last year.

It has been the recent crop of new stock issues rather than anything else that has provided the most enjoyable recent occasions for underwriters and selling groups. Increasingly keen competition of rival groups for many of the



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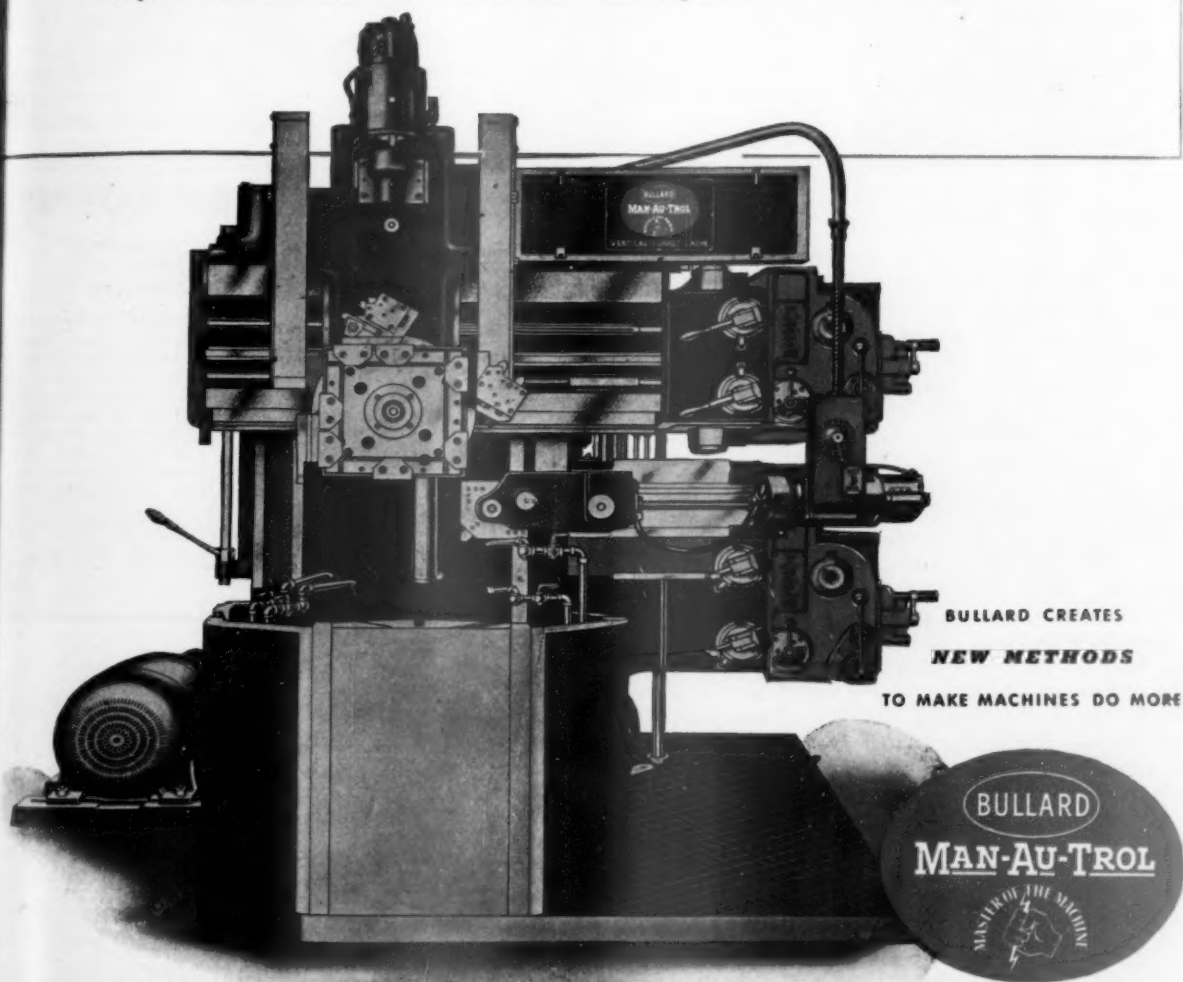
LIGHTENS LABOR'S LOAD — Operator machines one piece manually, setting production method into automatic cycle; then merely loads, supervises and unloads while MAN-AU-TROL does the work.

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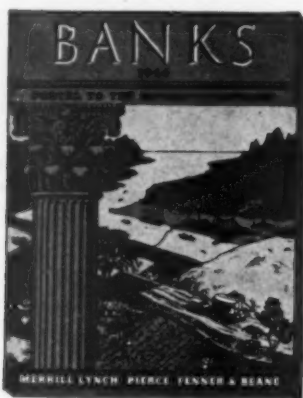


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new bond issues put up at auction has been causing more than a little trouble. The figuring has become so close that the bids winning two substantial issues recently were actually only 10¢ per \$1,000 bond higher than the second best.

• **Despite the Holdouts**—This has been the trend, moreover, despite the fact that for some time the largest insurance companies have steadily declined to purchase most new bond issues because they considered the yields offered far too low. Other important institutional buyers of new issues are now beginning to act similarly, and this has turned some recent offerings into real selling jobs.

For instance, the Union Pacific long-term 2½% bonds, recently sold to yield the record-breaking low figure of but 2.42%, were very "sticky." They have finally become available over the counter at around 101% of par, compared with an original asking price of 102.19% and their actual cost to underwriters of 101.27%.

• **Another Slow Mover**—The recent offering of Great Northern 2½% bonds of 2010 at a price of 96¼ to yield but 2.75% has been another slow mover. Southern Pacific 2½s, 1996, sold not long ago at par, can likewise be bought now at 99% of par though they cost underwriters 99.25%. Hard to sell, also, have been Sopac's 2½% bonds of 2010, offered a few weeks back at 96¼ to yield 2.70%.

The failure of these issues to go "out the window" reaffirms the earlier Wall Street predictions (BW—Mar.23'46, p78) that yields for such bonds had finally reached rock-bottom levels. Overpricing at some bond auction sales may constitute a rather dangerous practice in the future, even though a huge amount of money is still seeking investment.

• **In Contrast**—Selling stock issues, on the other hand, is now proving quite profitable, especially for selling groups that had been slowly starving to death on the smaller and smaller commissions allowed them in 1946 bond selling operations.

Some cases of stickiness have been noticeable recently even in the field of stock offerings. But thus far they have been in the minority, and most of the new preferred and common issues have generally sold like hot cakes. Last week's sale of Alexander Smith & Sons Carpet Co. common stock (BW—Mar. 16'46,p66), for example, proved the year's sensation in underwriting circles. Sold at \$31 a share, it was much oversubscribed and soon commanded a price around \$40 in over-the-counter trading.

• **And So—More Stock**—In view of all this, it seems likely that from here on new bond issues will show a tendency to

shrink in number. Common stock issues, however, appear slated to disclose a brisk expansion. And more and more "new money" stock issues should be making their bow in coming months.

Unless the unforeseen happens, some 72 new preferred and common stock issues will be offered in the two weeks ending Apr. 20. Many of these are specifically designed to provide working capital. Still more issues are in the offing, including many just filed in Securities & Exchange Commission registration or all but ready for that step.

Benguet Setback

Sale of shares in famous Philippine gold producer hits snag in Ohio, where authorities say terms are "grossly unfair."

The Ohio State Division of Securities this week wrote a sour footnote to the colorful history of Benguet Consolidated Mining Co., famous Philippine gold producer.

Division Chief Ernest Comerford blocked, at least temporarily, an attempt by Allen & Co., New York investment bankers, to sell 50,000 shares of Benguet stock in the state, on the grounds that

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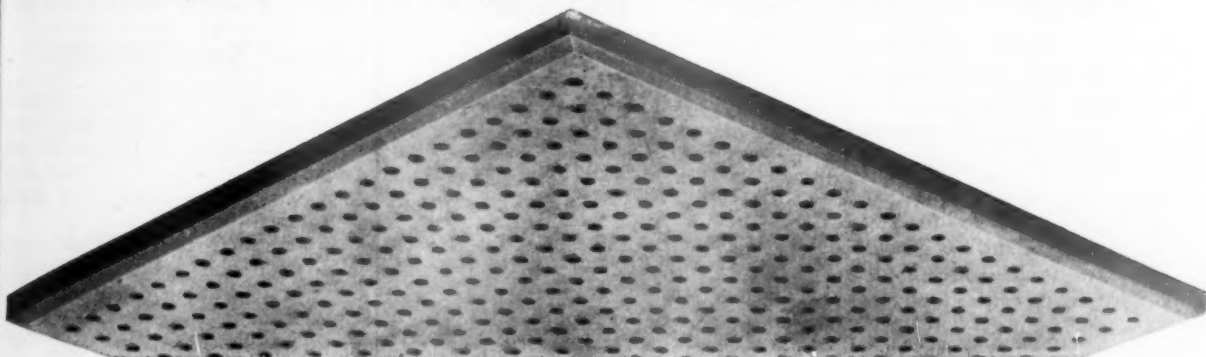
CRADLE CASH

Even the stork gets bank backing nowadays. Realizing that many of its customers were borrowing to provide for young newcomers, Detroit's Industrial National Bank has turned the inevitable to account by putting on a "stork loan" campaign. With loans of some \$600,000 yearly on its books to defray doctor and hospital bills, the bank is dressing up small loans in fancy trim to attract small borrowers.

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on San Francisco Bay

the terms were "grossly unfair" and the profit to the underwriters "of an unconscionable character."

• **From Family Trusts**—The 50,000 shares were part of a block of 700,000 that Allen & Co. had acquired over the past three years from family trusts set up by John W. Haussermann, Benguet's president and general manager. The proposed selling price was \$4 a share.

In asking the underwriters to withdraw their application, the Securities Division charged that the book value of the stock was only 9¢ or 10¢ a share and that the mines had caved in while they were in Japanese hands. It predicted that the company would have to spend \$2 million or more to get the workings back into shape.

• **Tart Remarks**—The Securities Division also had some tart remarks to make about the fact that Allen & Co. was proposing to sell for \$4 a share when it had paid from \$1.70 to \$2.10. The profit, it said, could be better used by Benguet to rehabilitate its properties.

Allen & Co. retorted promptly with a public statement declaring that the company had more than \$3 million cash on hand to get back in operation. The going market, it said, is \$3.50 to \$3.75 for Benguet stock. The market is maintained by some 25 brokers and dealers, including Allen & Co.

• **Hearing Held**—The underwriters followed up with a hearing before the Securities Division, Apr. 8, in which they reaffirmed their refusal to withdraw their application to sell. Final decision from the division is expected next week.

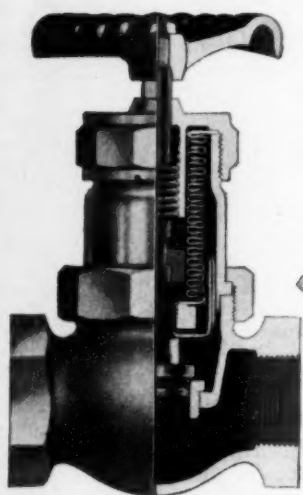
WHISKY SALE CLEARED

Stockholders of the late Cummins Distillery Corp. (now liquidated) were better off by \$2,255,421 this week, after a federal court at Louisville had ended their long tussle with the U. S. Bureau of Internal Revenue.

Cummins Distillery Corp. decided some three years ago that it would do better if it shut up shop and sold its inventory instead of wrestling with wartime conditions. Accordingly, it put itself into liquidation, and on Dec. 24, 1942, passed out warehouse receipts for 51,000 bbl. of whisky to its stockholders. A stockholders' committee then sold the whisky for about \$4 million. Internal Revenue officials showed up with a claim that the \$4 million represented income to the corporation, and that it was therefore subject to the excess-profits tax. To make the claim stick, they hung a lien on the \$1,053,743 that had not yet been turned over to shareholders.

The court now has ruled that the delivery of warehouse receipts was a valid distribution in kind and that the \$4 million is not to be taxed as corporate income.

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PRODUCTION

Gas Turbine Evolution Speeded

Allis-Chalmers reveals successful operation of marine power unit at 1,350 F in experimental project at Annapolis. Several firms report progress in developmental efforts in this field.

The tip-off to new progress in the development of the gas turbine into a practical, efficient power generator came with the unveiling early this month of a two-year-old secret experiment at the U. S. Naval Engineering Experiment Station, at Annapolis.

Revelation of the nature of the experiment followed the announcement by Allis-Chalmers that the 3,500-hp. multistage gas turbine which it designed and built for the Navy research project had been operated at a gas temperature of 1,350 F, setting a new record in its class.

• **The Higher the Better**—The significance of this stems from the fact that the higher the temperature the greater is the efficiency, and the goal is the 1,500 F for which the turbine at Annapolis was designed and at which it eventually will be operated. At that temperature it is estimated that an over-all plant thermal efficiency of 40% could be attained in marine applications, compared with about 25% efficiency for an average steam turbine plant and something over 30% for diesel power.

Gas turbines are operated at 1,500 F in turbo-jet engines for military aircraft and at 1,600 F in turbo-superchargers for bombers and fighters, but the service life is relatively short, replacement frequent, on a definite schedule. Obviously, in order to make the gas turbine practical for use in large marine or land power plants, the life must be measured in years, not in hours.

• **In Oil Refineries**—Gas turbines have operated for eight years in oil refineries where they drive the air compressors in the Houdry cracking process for producing high-octane gasoline. But they function at the relatively low temperature of 1,000 F and at a correspondingly low efficiency, which in this case matters little because low-cost fuel oil is available. Altogether, 30 of these gas turbines have already been built by Allis-Chalmers.

Stumbling block to high-temperature operation is the deteriorating effect on the metal, even the superalloys. The blades and disks of the two parallel turbines in the power plant at Annapolis are constructed of the recently devel-

oped high-temperature Timken alloy steel, which includes 16% chromium, 25% nickel, and 6% molybdenum. The heavy stationary parts are of an alloy steel containing 25% chromium and 12% nickel.

• **Cooling Without Loss**—But the high-temperature design of the gas turbine is based upon more than the composition of the metal. By ingenious arrangement, cooling air is directed over the face of the high-temperature turbine wheel and around the periphery of the second-stage diaphragm in a round-about way that sidesteps the possibility of power loss.

As old in principle as the heat engine, something reportedly harnessed to moving symbolic figures on an altar some 20 centuries ago by Hero of Alexandria, the gas turbine consists essentially of a combustion chamber, turbine wheel, and an air compressor. It operates by burning fuel in the combustion chamber and expanding the hot, high-pressure combustion gases through a tur-

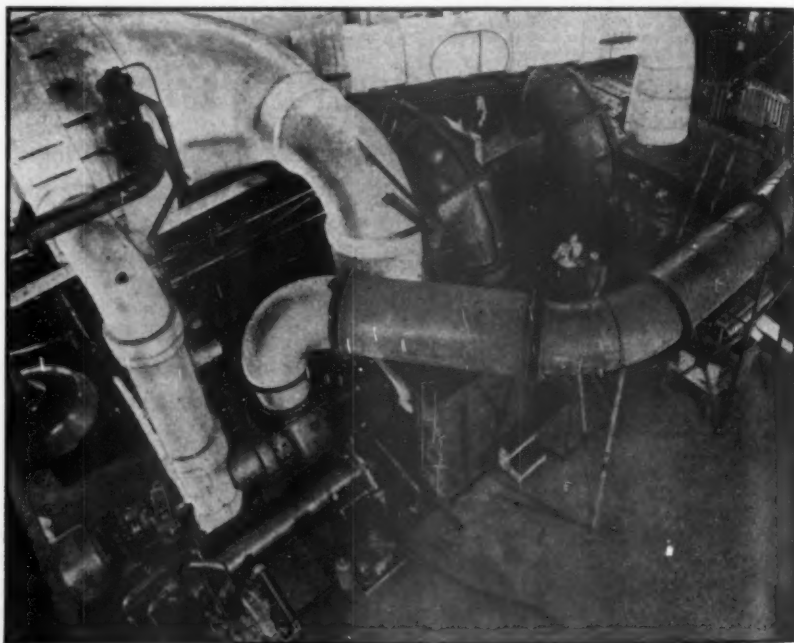
bine wheel to rotate it, much as a gale turns a windmill.

• **Saving in Weight**—The turbine wheel uses half or more of its power to drive the compressor which delivers air under pressure to the combustion chambers, and what power is left can drive an electric generator, a ship propeller, or what not. Much simpler mechanically than the internal combustion engine, it can be built to deliver considerably more power, and its weight per horsepower developed is less than that of any other power-producing unit.

This saving in weight is particularly appreciated in marine service where it means more payload, and in the Navy where it spells greater cruising range, or more pay-off load for use against the enemy.

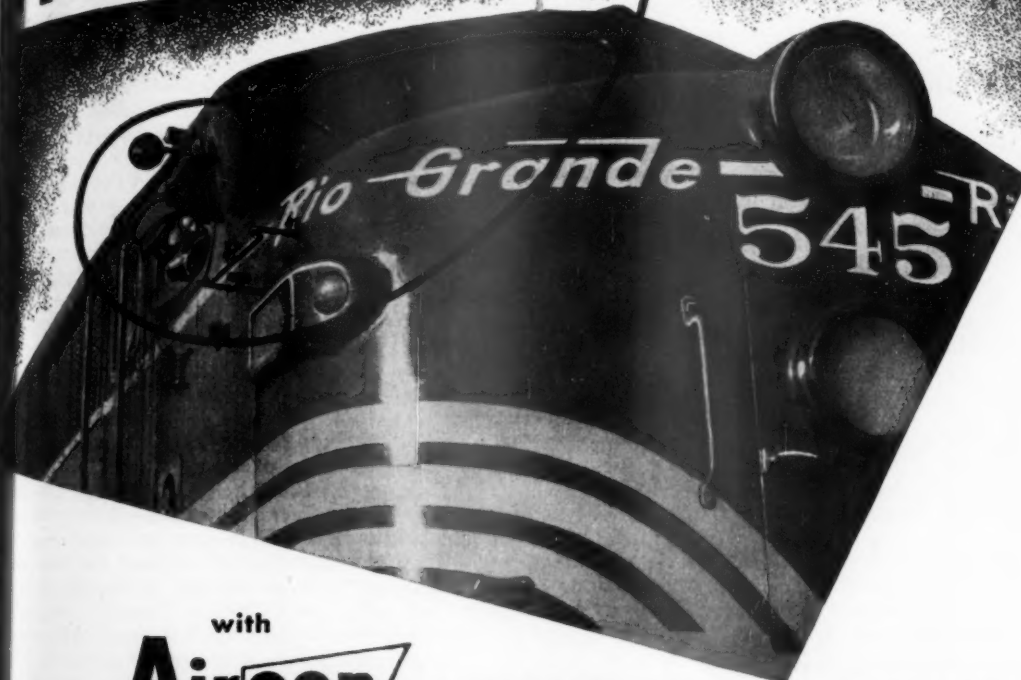
• **A Navy Project Since '41**—The Navy has been developing the gas turbine since 1941 in cooperation with commercial firms. According to Vice Admiral Earle W. Mills, Assistant Chief of the Bureau of Ships, the development program ultimately will provide the Navy with a new source of ship propulsion power. The Allis-Chalmers installation at Annapolis was designed in order to make possible a detailed, accurate study of all parts and principles of the machine under various operating conditions.

So thorough is the research that 2,000 different readings of temperature and pressure throughout the turbine are recorded in a seven-hour test period. And the parts are dismantled periodically for close inspection, particularly of the



Designed as a test model, the Navy's gas turbine has operated successfully at 1,350 F, will be stepped up ultimately to 1,500 F—the goal set by engineers in their efforts to make the gas turbine a reliable, efficient prime mover.

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**D. & R. G. W. was Ready for FCC Frequencies with
Space Radio Communication**

First to apply for and first to be granted authority from the Federal Communications Commission for the use of radio frequencies in regular Railroad Radio Service is the Denver & Rio Grande Western Railroad—using Aireon Railroad Communication Systems exclusively. The frequencies recently authorized for railroads are to be used in providing communication between the engineer on fifteen of the Rio Grande's freight Diesels and the conductor on cabooses behind long freight trains handled through the Moffat Tunnel across the Rockies.

These radio units are designed and built specifically for railroads to operate with frequency modulation (FM) at 159.89 megacycles. They will be used in conjunction with Aireon's Inductive System to provide communication between moving trains and wayside stations.

As the FCC in its announcement said "Extended experimentation has been made regarding the use of railroad radio for safety purposes for several years, and many experimental authorizations have been previously issued to railroads and manufacturers, but this is the first grant since the regular railroad service was established by the Commission Dec. 31, 1945."

Aireon has pioneered in the development of Railroad Radio Systems—has "field tested" its equipment in over 2,000,000 miles of actual railroad service.

The D. & R. G. W. has experimented for over a year with many makes and types, and has played a leading part in developing radio equipment suitable for practical use.

Aireon's equipment has been selected for the first permanent installation of VHF (Very High Frequency) on any railroad in America.

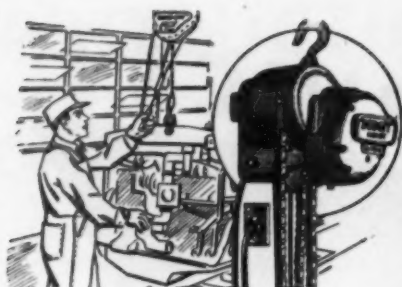
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effects of the temperatures and pressures on the metal. Many changes already have been made, more will be. Out of it all will come knowledge that is likely to contribute much to the successful future of the heavy-power gas turbine.

• **Other Developers**—Very active, too, in gas turbine development are the Elliott Co., the General Electric Co., and the Westinghouse Electric Corp. Last July, Elliott revealed to the public the first long-life 1,300 F turbine for ship propulsion ever built, though it was operating experimentally at the company's plant and not aboard a boat. It is reported that two of these 3,000-hp. machines, with 29% over-all efficiency, have been ordered for test installation on naval ships.

In Switzerland, Brown Boveri is building a 15,000-hp. gas turbine to drive a 10,000-kw. standby generator for Bucharest Gas & Electricity works. Rated at 22% thermal efficiency compared to 30% or better for diesels operating on gas, the fuel cost will be relatively high, but this is not important in standby service. Six other units were on order at Brown Boveri last fall, indicating that the design has reached the commercial stage.

• **For a Locomotive**—One of the American manufacturers will build a 4,500-hp. oil-fired gas turbine to power a locomotive, and promising progress has been made in the experimental development of a coal-fired unit for locomotives.

If the coal-fired gas turbine were to become a practical reality, it could beat the steam turbine and the diesel engine by a clear margin when it comes to developing low-cost power. But until that happens—and it may not happen soon—many engineers refuse to get too excited about the gas turbine's future as a prime mover in power generating plants.

Silver Crystal

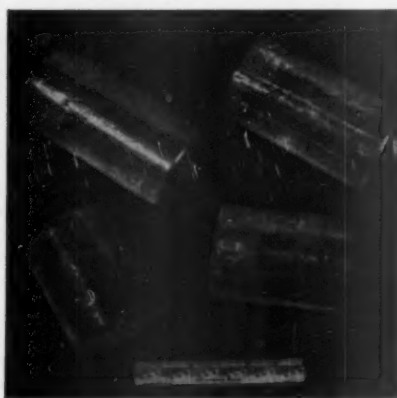
New optical material made from silver chloride expected to find many applications in infrared production devices.

Held secret during the war, a new synthetic optical crystal now becomes commercially available for wide application in infrared instruments, such as those used in production control and research operations in chemical and allied industries.

The new crystal, grown from silver chloride by Harshaw Chemical Co., Cleveland, is highly transparent to infrared light and is a valuable material for the windows, lenses, and prisms of the infrared spectrometer, a technical-sounding but highly practical tool. It may also find a use in the highly sensitive bolometer, which sees objects in the dark and measures the heat of distant stars by their infrared emanations (BW—Mar. 16 '46, p. 52). It was, in fact, the window for still-secret infrared devices for detecting enemy planes, ships, and tanks at night.

• **Fast and Economical**—Older synthetic optical crystals have been employed in infrared-sensitive devices, but the silver chloride material has important production advantages. It can be grown in the relatively short time of eight days, and it may be formed into shapes, such as windows, by low-cost, high-speed rolling, stamping, and pressing methods, polishing being unnecessary after rolling or pressing.

In the last two years of the war, Harshaw's crystal production department, under the direction of Dr. H. C. Kremers, turned out several thousand pounds of silver chloride crystals. The first step in the production operation is to make



Now playing an important role in many production processes, synthetic optical crystals (left)—weighing about 10 lb.—are grown from silver chloride in eight hours by a heating and cooling process. Being pliant, they are readily rolled, stamped or pressed into polished lenses and prisms (right).

silver chloride from ingot silver. Then the chloride is melted into a single crystal ingot weighing about 10 lb., in special electric furnaces. The furnaces have two thermostatically controlled compartments, the upper one for melting the material, the lower for slow cooling to form the crystal. The crucible lowers automatically from the top chamber to the lower at a rate of 1/25th of an inch an hour as melting and cooling progress.

• **Other Sources**—The same process has been used by Harshaw since 1937 to grow crystals of common salt as heavy as 33 lb. and to produce crystals of potassium bromide and lithium fluoride under a license from the Research Corp., using techniques developed at Harvard University and M.I.T. The company also makes calcium fluoride crystals, but these grow only under vacuum, and the process is entirely different and secret.

Each of the synthetic crystals has its own characteristics and each serves a definite field in infrared spectroscopy, photography, and the detection and evaluation of infrared sources. A spectrometer fitted with optical crystal parts best suited to it enables one man to make in five minutes, and more accurately, a chemical analysis that formerly took half a dozen men eight hours.

• **Shadow Reading**—The analysis of hydrocarbons illustrates the technique. While ordinary light will pass through these without change, infrared rays of definite wavelength are obstructed by various chemical bonds and constituents of the substances. Such obstructions cast shadows which are utilized to produce a graph easily read by a petroleum chemist.

Because preliminary separations are unnecessary in making quantitative and qualitative analyses, infrared spectrometers and spectrophotometers, with their synthetic optical crystal parts, have played a big part in the development of automatic control for the manufacture of high octane gasoline, synthetic rubber, coal tar, gas, plastics, and allied products. And their usefulness extends into many other industries, among them those producing dyestuffs, fibers, foods, explosives, solvents, and pharmaceuticals. In meteorology, infrared instruments have helped to determine the rate of cooling of the earth's surface, information useful in weather forecasting. Infrared systems are also used for fire detection and property protection.

DESALTED OIL

Refiners have been reluctant to take the oil from certain fields, particularly west Texas, because its combination of high salt and sulphur content corrodes refining equipment. So these oils, of which there is a huge supply, suffer the



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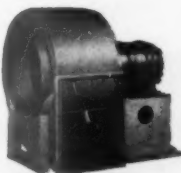
... proper ventilation will help speed up production, cut down accidents and reduce absenteeism in all types of plants, factories and commercial establishments.

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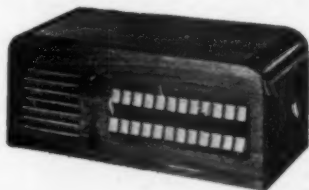


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economic handicap of a price penalty.

But an inexpensive process now being developed may remove this handicap by taking most of the salt out of the crude. Proved in the pilot-plant stage, it was described last week at the Houston Regional Meeting of the American Institute of Chemical Engineers by C. G. Kirkbride, professor of chemical engineering, A. & M. College of Texas, and T. A. Burtis, research fellow.

The technique is to wash the crude with water at a temperature of 250 F or higher, pass the oil and water through beds of fine glass fibers to coalesce the emulsified water, and then separate the desalted oil from the aqueous phase. This reduces the salt content from 65 to 272 lb. per 1,000 bbl. to less than 5 lb.

Gas-Dried Wood

Method of quick seasoning employs organic vapor at high temperature in closed vessel. Ties and poles in production.

To the traditional methods of seasoning lumber—long exposure to the elements and kiln drying in a matter of days—Taylor-Colquitt Co., Spartanburg (S. C.) wood preserving firm, has added a third: vapor drying.

• **High Temperature**—Product of more than six years of research, the process has been successfully used to dry railroad crossties in as little as twelve hours, reducing moisture in that time from around 80% of saturation to as low as 30%. And it permits preservative treatment in the same cylinder used for drying.

In one particular test railroad ties in service two years on the Southern Railway were in better condition than comparable air-seasoned ties installed as a control.

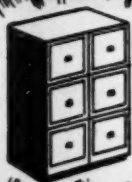
The T-C process involves exposure of green or partially seasoned wood to inert organic vapor raised to high temperature within a closed chamber. This heats the wood and rapidly vaporizes moisture.

• **Charring Prevented**—Means are provided for withdrawing the moisture from the chamber and for recovery and re-use of the organic liquid. The process differs essentially from that of the Western Pine Assn. (BW—Jun. 3 '44, p. 57) in that the liquid is not primarily a solvent but forms a neutral atmosphere in which the wood can be heated without danger of charring.

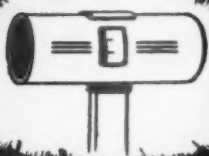
To remove the organic material from the wood, a vacuum is created in the drying chamber. This is the final step in the T-C drying process.

Various organic liquids are used, among them xylene, which boils at 290

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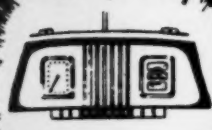
STORE FIXTURES



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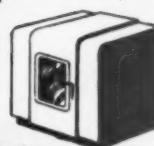
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F, and high flash naphtha, with a boiling point of 330 F. For lower temperature operations (which might be necessary with some woods or in plants where heating facilities are limited), the process can be conducted under reduced pressure to lower the boiling point of the drying agent.

• **Faster Than Kiln**—Among advantages attributed to the process are that it reduces checking in wood, removes resins which might adversely affect paint coatings, reduces the strength of the dried wood only slightly as compared with that of green wood. The cost of plant alteration for vapor drying is assertedly reasonable.

Taylor-Colquitt is starting commercial production of treated poles and ties dried by the vapor process, has done some pilot plant work on drying lumber for construction purposes. (The latter must be dried to an 8% to 12% moisture content, against 30% to 40% for wood which is to be preservatively treated. In all instances the process is said to be faster than kiln drying.)

Much work remains to be done on lumber in determining proper time-temperature cycles for various sizes and species, and in working out cost comparisons—although company officials feel sure vapor drying will prove more economical than either kiln or air drying. Taylor-Colquitt plans to license others to use its process and apparatus patents, and to provide users with engineering service for plant conversion.

Envelope for Oleo

Color can be kneaded into margarine without unwrapping. Transparent, pliable container is made of thermoplastic film.

Sales resistance to oleomargarine has stemmed heavily from housewives' objection to the greasy, messy chore of kneading coloring matter into the product with a kitchen spoon.

That is why the industry is now much interested in a new plastic inner envelope that is being put into production at Visking Corp. (Chicago manufacturer specializing in casings for skinless frankfurters) and of a color-containing capsule made by Gelatine Products Co., Detroit.

• **Without Need for Unwrapping**—The new package is designed to eliminate the unpleasant aspects of the job. The housewife kneads the entire envelope just as it comes from the store, filled with margarine. The margarine remains inside the transparent, pliable envelope, which is tough enough to take the beating without bursting.

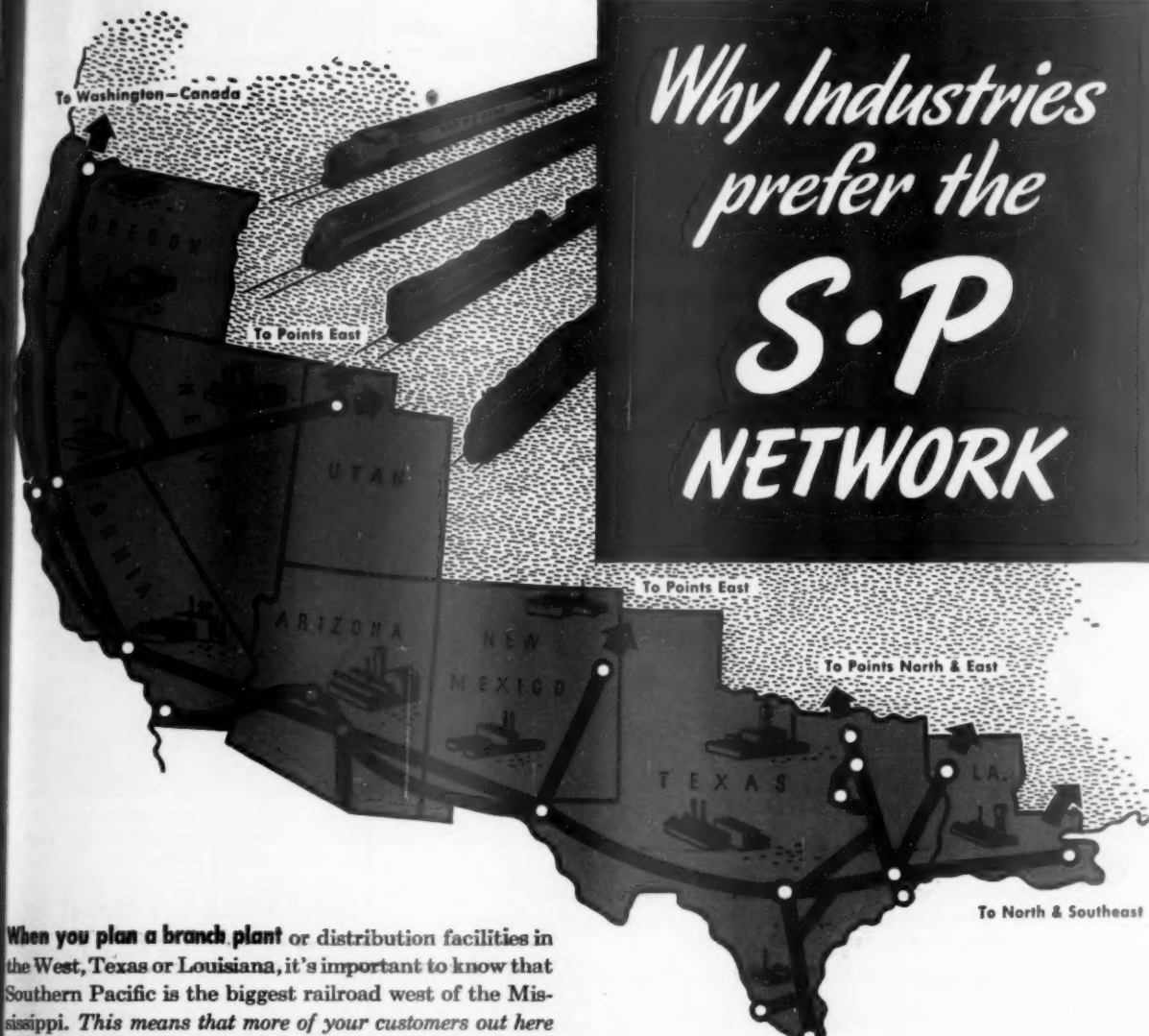
The color in the capsule is suspended in edible oil. The capsule is attached to the interior of the envelope, which is then filled and heat-sealed at the factory. A solid squeeze from the outside breaks the capsule and liberates the



NOW PIPE LAYING BY AIR

Implications of peacetime use are seen in secret wartime tests, recently disclosed by the Army, in which the helicopter turned pipe-layer. When petroleum distribution experts encountered impassable Louisiana swamplands, the whirling dervish of the air, according to Ft. Belvoir (Va.) engineers, delivered 20-ft. pipe lengths to pipe-laying crews. Besides being able to descend in a small area, the helicopter could poise above the marshy ground without having to light while the men removed pipe, pumps, and storage tanks.

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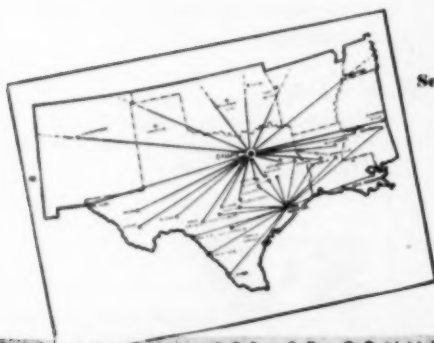


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DALLAS CHAMBER OF COMMERCE, DALLAS 2, TEXAS

color. As soon as the margarine has been kneaded to an even color throughout, the housewife reshapes it—with the envelope still intact. Thus, it remains fully protected until used.

• **Of Thermoplastic Film**—Monthly output is expected to be 2,000,000 to 3,000,000 envelopes by summer. The envelope is made of an as yet undisclosed thermoplastic film. The material is compounded without a plasticizer, is nontoxic and stable in the presence of fatty acids and brine, is designed to break free from its contents when opened. It was patented in 1944 by Leo Peters of the investment banking firm of Harris, Hall & Co., Inc. Visking helped with the development work.

Margarine makers and sellers can count on reduction of hot weather returns due to leakage of contents and entry of foreign matter. The package permits nonrefrigerated storage and display.

• **Confident**—Although the new material requires packaging equipment entirely different from what the industry now uses, Peters and Visking are predicting that most of the annual 450,000,000-lb. output will be packed in the new plastic casing as fast as margarine makers can get it. (Cudahy Packing Co. reportedly will be the first margarine maker to use the new wrappers.)

Next step is to develop techniques for printing trademarks and consumer information directly on the envelope. This would reduce the need for an outer container and make cost of the new package competitive with that of present packing units.

SHEET MILLS BUY PLANT

Cut off from their normal source of supply when Carnegie-Illinois Steel Corp. sold its Farrell (Pa.) works to Sharon Steel Corp. (BW—Nov. 24 '45, p32), four nonintegrated sheet steel makers this week neared completion of a deal to take over from Sharon the Lowellville (Ohio) plant Sharon was preparing to close.

The four mills (capacity of each in parenthesis) are: Reeves Steel & Mfg. Co., Dover, Ohio (87,240 tons); Apollo Steel Co., Apollo, Pa. (132,000 tons); Mahoning Valley Steel Co., Niles, Ohio (97,500 tons); and Superior Sheet Steel Co., Canton, Ohio (90,000 tons).

Since the Lowellville plant has a capacity of 463,300 tons of sheet bars, its prospective joint owners will have some 56,000 tons excess capacity for their use or for sale to brother-operators in distress.

One remaining hurdle—aside from that of the corporate setup for buying and operating Lowellville—is the matter of obtaining replacements for equipment which Sharon plans to move to Farrell.

Question: what's wrong with long-term depreciation?

Answer: • it looks good on paper . . . but in practice
• it slows production . . . adds to costs!

**Average Rate of Depreciation Write-off
— 20 YEARS**

**Average
Rate of
Obsolescence
— 7 YEARS**

**Liability Period—Where Machines Are
Expensive Not to Replace!**

Depreciation vs Obsolescence

Here is a picture of a battle which may be going on in your plant — at the expense of increased production and lower costs. If you are a typical U. S. manufacturer, your machine tools may be written off at a 5% rate over a 20 year depreciation period as a standard practice. Yet in 7-10 years, new production techniques and new ma-

chines with higher productivity can make your present machines obsolete by doing more work efficiently at lower cost. In most companies, the obligations of long-term depreciation often over-rule good judgement when modernization and replacement of machine tools is the sound course.

What's the solution?

AMERICA'S STANDARD of living has been pushed up—prices have been lowered—jobs have been made because U. S. industrial output of goods per man-hour rises at the rate of 50% every ten years—our national INDUSTRIAL PAR. If you are burdened with obsolete machine tools, rising production costs—now is the time to close the gap between rated depreciation and actual obsolescence—and minimize the financial burden of replacement. For all the facts, write for Kearney & Trecker's new, free booklet, "Depreciation vs. Obsolescence".



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★ Industrial records prove that output per man-hour increases at the rate of approximately 50% every ten years. This National Industrial Par is the foundation of American industrial leadership and high living standards.

★ Elimination of waste — plus improved production techniques — plus the most modern machine tools are the controlling forces that increase output per man-hour and cut production costs.

★ Ability to cut costs — not the cost of the tools themselves — are the deciding factors in determining machine tool needs. At least 10% of the total machine tool investment should be set aside yearly for machine tool replacement to enable your company to cut production costs — attain or excel Industrial Par.

NEW PRODUCTS

Portable Mass X-Rayer

Portable to the extent of being designed for quick assembly and disassembly, the new mass chest-survey X-ray machine developed by North American Philips Co., 100 E. 42nd St., New York 17, has magnesium major castings so that no part weighs more than 80 lb.



Its principal components are an X-ray tube and power supply, control stand (not shown), a fluoroscopic screen, and a 70-mm. camera which photographs images on the screen on a roll of film sufficient for 350 exposures. Where the 70-mm. picture indicates a need for re-examination on conventional 14 x 17-in. X-ray plates, the unit will handle this work.

Examinations can be made at the rate of 200 to 300 an hour, and it takes only 15 to 20 minutes to set up the machine, including unpacking, making it useful for on-the-spot tuberculosis checks of employees in industry.

New-Type Thread Gage

A new type of adjustable thread-ring gage, designed to distribute the wear evenly over the full circumference of the circle for long service, has been announced by N. A. Woodworth Co., 1313 E. 9 Mile Rd., Detroit 20, and adjustment is along the helix of the thread to prevent a jump lead at the adjusting slot. For light weight, aluminum is used in the outer body, and for identification, the "go" gage outer body is green, that of the "no go" red.

Mechanical Bootblack

A shoe-shining machine that will do about everything the bootblack does except take a tip is scheduled for mass production this summer. To be made by Coin-Arts Industries, 231 W. Wisconsin Ave., Milwaukee 2, it is a nickel-a-shoe coin machine with separate sets

of motor-driven brushes for black and tan and a lever for making the selection. After it applies the polishing wax, brushes travel over the entire surface of the shoe, including the heel and toe. Then the brushes stop, a high-polish wax is applied to the toe, and a special high speed buffer puts a gleaming shine on the toe. All of this is done in 30 seconds per shoe.

For men's shoes only, the machine is not geared to handle the variety of things women wear on their feet, a shortcoming brushed off with data indicating that less than 1% of the shine business comes from the ladies.

Silicone Defoamer

Called the cure for troublesome foaming problems in the processing of aqueous solutions and emulsions, DC Anti-foam A is a new silicone compound effective in concentrations as low as 1 part per million for weak foamers up to 1 per 10,000 for strong ones. Introduced by Dow Corning Corp., Midland, Mich., it is a translucent, viscous, colorless, and tasteless semiorganic substance that is chemically inert, nonvolatile, and with a slight but not offensive odor. Successful test applications sug-

THINGS TO COME

Textile fibers with elastic properties distantly approaching those of rubber have been made experimentally and might be among tomorrow's availables. They were produced from new forms of nylon known to chemists as N-substituted polyamides. One type, isobutyl 610, stretches 200 to 400%, compared with 600 to 1,100% for rubber, and it recovers elastically by 95% to 99% against rubber's 100%. Perhaps a more revealing comparison is the nylon hosiery yarn elongation of only 15 to 25%.

• A pain in the neck for children and sometimes infinitely more serious for adults, mumps may be reduced to a disease of no consequence if current research on vaccines produces the hoped-for results. The virus causing mumps has been isolated, methods have been devised for detecting people susceptible to the disease, and progress has been made in developing protective vaccines and possibly serums, although these are not ready for general use.

gestive of its range of usefulness have been made in soap solutions, cutting-oil emulsions, egg albumen, rubber latex, and paints.

Cycle and Boat Cushioners

Front-wheel bounce and handlebar jar will be smoothed for motorcyclists by a new midget-size, two-way, direct-acting hydraulic shock absorber installed between the handlebars and the front-axle fork. This little shock absorber is one of two new ride smoothers just developed by Monroe Auto Equipment Co., Monroe, Mich. The other one is designed to take the jolts out of speed-boating in choppy water. It is a motor boat seat unit with two hydraulic shock absorbers to control the action of two variable-rate coil springs, together with a torsion bar to hold seat movement in a given plane.

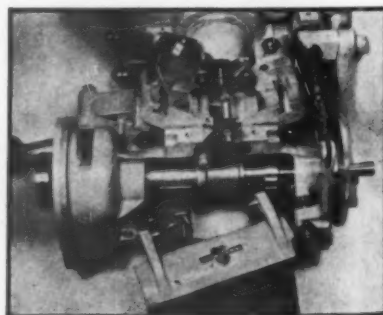
Self-Sharpening Knife Rack

To end the housewife's worry as to whether a kitchen knife is sharp enough to do the job, the new Shur Edge self-sharpening knife rack was devised with a sharpener in each of its six slots. Each time a knife is withdrawn, its cutting edge is whetted. Constructed of maple, the gadget has glass sides to permit ready knife selection, and it affixes to table or wall.

Introduced by Robeson Cutlery Co., Inc., Perry, N. Y., the rack accommodates cutlery ranging from a short paring knife to a 10-in. carving blade.

Lathe Converter

In two hours, an ordinary lathe can be reversibly transformed into a small-parts automatic screw machine by means of the new Dunamatic attachment developed by Dunn Engineering Co., 6341 Lyndon St., Detroit. Adaptable to a standard Atlas or Logan lathe,



the attachment takes power from the lead screw to operate face cams that actuate rocker arms to control the tools. Bar stock feeds through a tube into an automatic collet, a moving stock stop determining the length of part to be formed.

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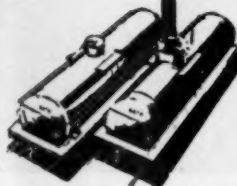
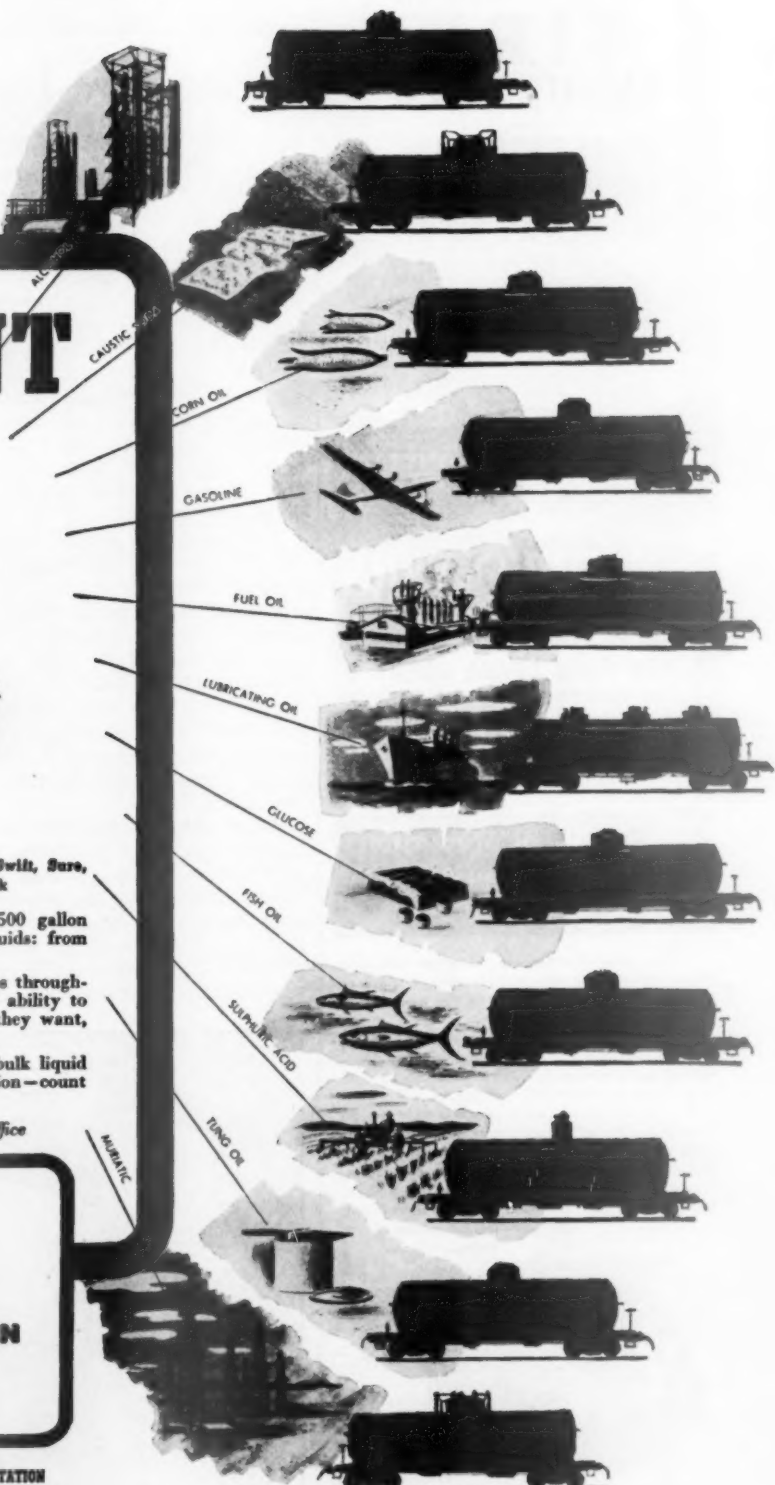
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LABOR

Labor Law Tested

New Jersey act prevents
disruption of gas service. State
independents are attacked as
"company unions" by A.F.L.

New Jersey's recently enacted labor
law for public utilities (BW-Apr. 6 '46,
p98) weathered its first test last week
when its machinery was successfully in-
voked to prevent interruption of gas
service to 3,500,000 consumers, then
was used to settle a wage dispute be-
tween the Public Service Electric &
Gas Co. and 1,200 members of six in-
dependent unions.

Just before the unions' strike dead-
line, New Jersey's Gov. Walter E. Edge
used the new state law to seize prop-
erties of all Public Service plants threat-
ened by walkouts. Employees agreed to
continue work under state operation.
Deadlocked negotiations then were re-
opened with state mediators sitting in,
and terms of a new contract were ham-
mered out. Subsequently the utility
plants were restored to their private
ownership.

• **Praise and Criticism**—Success of the
law was watched with interest by other
state administrations worried over the
maintenance of utility service during
labor-management disputes. Ohio's Gov.
Frank J. Lausche—faced with utility
strike threats in Cincinnati, Portsmouth,
and other southwestern Ohio cities—re-

quested a copy of the New Jersey law.
To other state heads, New Jersey's way
seemed more feasible than Virginia's
"draft" procedure (BW-Apr. 6 '46,
p98).

First use of the new law brought
immediate attacks from the New Jer-
sey State Federation of Labor (A.F.L.)
against the governor, who was sharply
criticized for seizing the utility plants,
and the six independent unions. The
latter, an A.F.L. spokesman charged,
had a "working agreement" with the
governor and the company.

• **Free Publicity**—The implied charge of
company unionism was no new one for
the independent unions, which took it
in their stride. Affiliates of the Inde-
pendent Unions of New Jersey, loosely
knit but effective association formed for
mutual protection against A.F.L. and
C.I.O. raids, the utility unions looked
on A.F.L.'s outburst as good advertis-
ing for their state group.

In the past the association had gath-
ered momentum from strike activities
of other unions at Western Electric
(BW-Mar. 16 '46, p96) and in the tele-
phone system which had also been
assailed as "company" bodies. Addi-
tional impetus to the association was
given by successful lobbying for the
right of equal representation with the
A.F.L. and the C.I.O. on all state,
county, and municipal agencies that
have to deal with matters involving
labor and its interests.

• **Varied Membership**—Result has been
a one-year growth from three locals to
66 unions claiming more than 200,000



Anthony Pinto (right), union head, accepts a copy of a New Jersey gas plant
seizure order from the law as Peter Higgins, Harrison deputy police chief,
looks on and Willard E. Lebo, plant official, reads over Pinto's shoulder.

Is *this* the SECRET of LOS ANGELES LEADERSHIP?

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"It has for many years been the most progressive retailing market in the country.

"Because of the natural advantages of living, as well as working, we believe more outstanding executive personnel can be attracted to Los Angeles than any other single city in the United States.

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The accompanying statement by Mr. J. W. Dart, president of United Drug, Inc., admirably sums up the unique quality of this region.

In evaluating new plant factors, don't overlook the human factor. It is the *plus* value you get when you build your industrial future in Los Angeles.

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members. This compares with 300,000 reported by C.I.O. late in 1945 and about the same number in A.F.L. in the state.

The New Jersey independents include unions of bootblacks, production workers in iron, rubber, aircraft, chemical, and soap plants, night club employees, white-collar workers, and highly skilled engineers and technicians. The largest of them is in Western Electric, with 17,000 members in the Employees' Assn.; the smallest has only 35 members. All, however, have the same voting power at monthly council meetings on state policies.

• **Neighborhood Help**—So far the state organization has no paid officers and only a shoestring budget. Finances, which come wholly from voluntary contributions by member unions, are reported "adequate" for current needs. Organization work is cooperative, with neighboring unions pitching in to help organize a plant, to ward off raids, and on occasion to do a little raiding on the independents' behalf.

In the same way, all work together to aid a member engaged in a management dispute, by contributing funds, food, and other assistance. In the Western Electric strike contributions by fellow independents were valued in the thousands of dollars. Many nonmember independents helped out, later took out affiliation papers in a "we might be next" attitude of self-preservation.

• **No Solid Ties?**—But just as the cooperative heart of the association now is its strength, later it could also be a weakness. Problems so far have been mutual and pressing. Financial backing and collaboration have been a form of insurance. If issues become less pressing, or mutual interest is lacking, there are no financial or other lasting ties that can keep the association together. Member unions have been as jealous of their complete independence from entangling alliances in their association as they have outside it, turning deaf ears to invitations from C.I.O. and to Confederated Unions of America plans for a national independent union merger.

Despite this, the New Jersey independents' chairman, youthful and aggressive Edward G. Wilms, is optimistic about the group's future. As he sees it, there is a definite trend today toward autonomous independent unions and away from "topheavy national unions."

• **Official Status**—The principal problem so far has been that independents have not been accorded equal recognition with A.F.L. and C.I.O. before governmental agencies. Many have felt that it was necessary to affiliate with one of the two recognized national labor groups in order to safeguard their interests.

Now Wilms believes that drawback is being eased by the New Jersey recog-

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tion, headway made in Washington through the New Jersey association's Wilms-led picketing of the 1945 labor-management conference and conferences with Secretary of Labor Lewis Schwellenbach, Paul Herzog, chairman of the National Labor Relations Board, and other federal labor officials.

Drive for Equal Rights—Hoping to muster national strength to press for equal representation and other rights, Wilms is advising groups in New York, Connecticut, Maryland, Massachusetts, and Pennsylvania on how to go about organizing state associations. Conversations on strategy have been held with Leo F. Bollens of Pittsburgh, with whose National Federation of Salaried Employees (BW-May 19'45, p106) the New Jersey group already has been collaborating.

The ultimate objective is a national association of independents, not—as was widely publicized last week—another major union to compete with A.F.L. and C.I.O.

FIRM RAISES UNION'S BID

When the steel strike officially ended in February with an agreement by the large steel producers to pay an 18½¢-an-hour wage increase (BW-Feb. 23'46, p93), there remained a lot of unfinished business. Most of it involved C.I.O.'s insistence that all firms under contract with the steelworkers union, no matter how remote from a blast furnace they were, push rates up 18½¢ before workers returned to their jobs.

Many steel fabricators resisted this demand, insisting that their operations could not be compared with basic steel production. The 18½¢, they said, was just too much, and even now some of the fabricating plants are still closed down. In Buffalo, however, the New York Car Wheel Co., under contract with Local 3694 of the steelworkers, may be on its way to establishing new production records.

Presented with the standard 18½¢-an-hour wage increase demand, the company said, "We can do better," and made a counteroffer of 21¢, which was immediately, and bewilderedly, accepted. N. Y. Car Wheel got an OPA price increase in March and eliminated overtime. It says that the 21¢ deal represents what it gained from both savings.

The company's 185 employees joined the C.I.O. after V-J Day.

STEEL STRIKE SETTLED

An irrevocable checkoff system—which amounts to maintenance of union dues for the duration of a union contract (BW-Mar. 27'46, p98)—again served last week as the magic formula for settling dispute over union demands for a



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Interlake has low loss Makalot Compounds for high frequency applications, non-cracking for molding around inserts, non-shrinking, heat resistant, general purpose, super-impact, X-ray or sweat resistant, or with brilliant surface lustre—and—every one of these compounds has been proved in successful use by some of the country's foremost molders.

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THIS is the unbreakable tumbler that is taking the retail trade, and American housewives, by storm. A tumbler that can be dropped from a twenty story window, bounced against a brick wall, thrown at a stray cat, and sterilized in boiling water.

It's not surprising that DuBois Plastic Products, Inc., 37 Franklin Street, Buffalo, New York, came to ERIE RESISTOR for the first production of a Nylon tumbler. Buyers have learned that ERIE RESISTOR is capable of doing things that haven't been done before. In this case, ERIE RESISTOR used the largest shot of Nylon ever attempted in injection molding.

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Plastics Division
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closed-shop contract or the wartime alternative of maintenance of membership.

Just as it had been in the telephone strike threat (BW-Mar.16'46,p96) and in the General Motors strike settlement (BW-Mar.16'46,p17), the irrevocable checkoff was the clinching argument in bringing to an end the bitter five-month-old Yale & Towne Mfg. Co. strike at Stamford, Conn.

The union, International Assn. of Machinists (A.F.L.-suspended), and company ended ten days of negotiations with a contract which provided a 12% wage increase, three paid holidays, and paid vacations, in addition to the checkoff. Originally, the union's demands had been for 30% more pay and a closed-shop contract.

Coincidentally perhaps, the irrevocable checkoff principle was first enunciated at a town meeting in Stamford held in connection with the Yale & Towne general strike in January (BW-Jan.12'46,p100). It was flatly rejected by both parties at that time, and passed off as impractical.



WATERFRONT VIGIL

A strike of Philadelphia tugboat crews, members of U.M.W.'s District 50, was three weeks old before pickets (above) appeared on the docks. All port operations were tied up when stevedores, longshoremen, seamen, and other dock workers refused to cross the lines. The tugboat union had bided its time until it had agreements from other dock unions before posting its pickets, and putting the first effectual pressure on eight major employers affected. The strike lines were reduced at midweek after delaying 65 freighters several days.

Ford Students

Expanding its training program in all fields, the motor company begins detailed instruction for future officials.

Ford Motor Co. has installed a broadly expanded training program based on the belief that improved morale and increased personnel efficiency resulting from additional knowledge pay off in profits and better production.

The newly centralized training department groups six general types of instruction and covers employee, supervisory, and professional fields.

Five-Year Training—It is in the professional training division that the Ford educational program breaks away from orthodox factory schools. The division has established a novel "five-year plan" for training executives.

A group of about 25 men have been put into a special class which will complete its work late in 1950. The men will study all of Ford's seven functional operating divisions: manufacturing, sales and advertising, purchasing, engineering, foreign operations, industrial relations, and accounting, auditing, and finance.

Candidates for Management—After their lengthy development period they will be assigned to whatever departments ask for them, or according to their own preferences. Their familiarity with company operations and policies is expected to make them a likely crop of potential high-bracket officials of the company.

The original group was chosen from among employees of the company by recommendation of top officials. Additional groups will be put into training later.

Courses on Request—Beyond that, the training department stands by to answer calls for help. Recently one of the company's major executives said he needed to know more about public speaking in order to fill some new assignments. A speech course was arranged for him, and many others are also attending it.

A department executive can arrange training for any of his people in whatever subject he deems necessary. If, for instance, the export division wants to familiarize people being sent abroad with the language, national economics, and history of their new base of operations, the training department will arrange the desired courses.

Skills Also Taught—Other work done by the department comes closer to the orthodox pattern. Employee training covers the instruction of carefully chosen unskilled workers to meet immediate

Women teach men

how to Wrap Up a Sale!



PERHAPS women cannot analyze your selling problems for you, but they buy $\frac{3}{4}$ of everything sold at retail.

From how they buy, you can learn how to "wrap up" a lot of sales.

And what you learn will have a lot to do with how you "wrap up" (package) your product.

For surveys (and common retail experience) show that 62% to 75% of all their buying decisions are made on impulse—at the point-of-sale!

And there the package that attracts their eyes, arouses their inter-

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THE LABOR ANGLE

10%

Shortly after his elevation to the presidency of C.I.O.'s United Auto Workers, Walter P. Reuther said that one of his objectives was "to isolate the 10% within this union whose loyalties belong somewhere else." Asked to elaborate, Reuther said he meant those members and officials of the U.A.W. who, as either members or followers of some left-wing group, subordinated the interests of the union to their political attachments. Although important distinctions were to be made between them, Reuther specified, "Communists, Trotskyists, and Socialists," and said that, while he did not see how they could be driven out of the union, he was hopeful that their influence could be contained within limits proportionate to their numbers—the estimated 10% of U.A.W.'s active members, and a figure which is probably a fair estimate of their strength throughout the union movement.

Reuther's statement evoked surprise in some quarters; partly because he himself has frequently been referred to as a Socialist, having acknowledged that he was a member of that party for one year (1932), partly because he received support in running for the U.A.W. presidency from among these groups (from the Socialists and one wing of the Trotskyists), but mainly because it is highly unusual for a C.I.O. leader, in whose union there is apt to be articulate representation of all the radical parties, to speak so frankly about the problem they present.

Coincidences

The problem they present to a union leader, trying to unify his organization, is in no wise basically different from the problem they present to the employer trying to create a sound basis for healthy employee relations. In both cases their objective is to forward the policies of the group to which they belong, to propagandize their "line," to increase their influence among workers, and to recruit new adherents. Sometimes, and on some issues, the interests of the union organization or the interests of the employer run parallel with the interests of one or another of the left-wing groups. Such an instance was when, during the war, the Com-

munist supported the adoption of incentive wage plans because they thought production would thereby be increased and the interests of Russia better served. But such parallelisms are pure coincidences and an employer who assumes that they are anything more can look forward to a rude awakening.

Marx

Members of these parties are factors in company labor relations where Republicans and Democrats, as such, are not, because they all have in common one thing: Their inspiration flows from Karl Marx. Much as they differ over doctrine, theory, tactics, and methods, they will see whatever social change they have in mind as one to be achieved by action of the "working class." From this it follows that all the zeal they can muster will be directed at capturing control of labor organizations and fostering their ideology among wage earners.

Sects

In the 10% of active unionists who may be counted as having some Marxian political affiliation, the Communists, or followers of the Stalin version of Marx, are the most numerous and most important. Well organized, highly disciplined, fanatical, they have won control of some important unions. The Socialists, believing in the achievement of Marxian ends by gradual, nonviolent change, are second in importance. What strength they have is centered largely in New York City, in the unions which still have a large immigrant membership. In trade union affairs they are almost always anti-Communist, erratically supporting given policies for the sole purpose of weakening Communist influence.

The Trotskyists are the smallest but the most revolutionary of the Marxian sects. They are Communists whose catechism is the Trotsky, rather than the Stalin, version of the Marxian gospels. Not being handicapped by having to translate every change in Russia's policy into a new "party line" in the U. S., they can afford to follow a fairly consistent line, although they are hopelessly split among themselves. They control no big unions, but provide a yeasty ferment that can sometimes be highly destructive.

demands for semiskilled workers and apprenticeship candidates. The course covers 15 weeks and is intended to teach a specific job.

Also in this category is apprenticeship training work, spread over a four-year period, through which a trade is taught by a skilled worker. The apprentice is paid while in training, his production partially compensating for the cost of his education.

• **Universities Help**—A supervisory training section in the school provides essential information and administers programs for preforemen, foremen, and all other supervisors. This instruction, like Ford's employee training, is typical of many factories.

The Ford training department is staffed by 275 instructors, bolstered by consultants on call from Detroit's Wayne University and the nearby University of Michigan. Classes are held either at the Ford plant or in the universities' classrooms.

ALLENTOWN SEEKS JOBS

Allentown, Pa., which made newspaper headlines early in 1945 when it inaugurated a plan to "draft" workers from nonessential industries for vital war jobs (BW—Feb. 3 '45, p90), now is burning midnight oil in an attempt to hit on some formula for finding jobs for an increasing number of unemployed workers.

Little more than one year ago Allentown's war plants—particularly the big Consolidated-Vultee government-owned airplane plant and Bethlehem Steel's "New Project" mills—were appealing for workers. Allentown, listed as an area with a critical labor shortage, could supply them only by tapping the personnel in breweries, cement plants, textile mills, and other industrial works listed as less essential to the war effort.

Now, however, Consolidated-Vultee and Bethlehem Steel plants are down, and the U. S. Employment Service has reported 20,000 workers idle in the Allentown-Bethlehem area.

A USES "job development" program, which seeks to do for the jobless workers what the "Allentown Plan" did for labor-short employers, has made little headway.

SUPERVISORS UNIONIZED

The United Mine Workers' long fight to unionize supervisory personnel of Jones & Laughlin Steel Corp. bore fruit last week when National Labor Relations Board collective bargaining agency elections in four Pennsylvania mines resulted in a 115-23 victory for the United Clerical, Technical & Supervisory Employees Union, an affiliate of U.M.W.'s District 50.

Clerical supervisors in a fifth mine

ected representation by the union. Refusal of Jones & Laughlin to permit unionization of its supervisory personnel led to the October, 1945, coal strike (BW-Oct.27'45,p107), and to a case before NLRB to establish the status of supervisory employees under the National Labor Relations Act. Last month (BW-Mar.16'46,p100) NLRB handed down its decision, giving supervisory groups the right to choose representation by a union which includes production workers in its membership.

Labor Power

Appointment of Carmell as Keeshin trustee puts spotlight on his widening influence as a legal mentor for A.F.L. unions.

The appointment of Daniel D. Carmell, Chicago labor attorney, as one of the two trustees for the bankrupt Keeshin trucking empire (BW-Feb. 6'46,p74) caused many a Chicagoan to rub his eyes in astonishment.

Labor circles agreed that there was no precedent for District Judge Walter Babuy's appointing as bankruptcy trustee an attorney connected with the union operating in the property.

Labor Troubles—Best explanation for the appointment was the need for a

man who could iron out the labor difficulties of the Keeshin enterprises. Keeshin's resignation last October was accompanied by a blast against the unions. When he took over as trustee, Carmell found most of the men unpaid for many weeks and ready to quit.

Carmell is little known to the general public, but is today probably Chicago's top labor lawyer and among the first half-dozen in the nation. General counsel for both the Illinois and Chicago federations of labor, he numbers among his clients an imposing list of some 294 local and eight international A.F.L. unions.

• **An Important List**—Among them are the Building Service Employees International, which William L. McFetridge of the Chicago Flat Janitors' Union has given a new lease on life after its unsavory history under George Scalise, now in Sing Sing; the Amalgamated Meat Cutters' International Union; the Air Line Pilots' Assn.; the United Assn. of Plumbers and Steamfitters; the Chicago Motion Picture Operators' Union; and the A.F.L. Chicago Teamsters' Council.

Technically, Carmell qualified as the second "disinterested" trustee for the Keeshin Freight Lines because he doesn't directly represent the Keeshin truckers. By a jurisdictional quirk, Keeshin's Chicago drivers belong to the independent Chicago Truck Drivers' Union, not the A.F.L. Brotherhood of Teamsters, which Carmell represents in Chicago. Keeshin employees outside Chicago, who are Brotherhood members, have as their counsel Joseph Padway, A.F.L. general counsel.

• **Behind Retail Drive**—As attorney for the Building Service Employees, Carmell is credited with braintrusting its current aggressive drive to enroll all department store employees under the A.F.L. banner (BW-Jan.5'46,p93). Since its successful raid on the C.I.O.'s Chicago local of the United Retail, Wholesale & Department Store Employees last October, the B.S.E. has put organizers to work at Carson Pirie, Scott & Co., Mandel Bros., and Goldblatt's. Union goal is to organize State Street from top to bottom, with a union contract covering both selling and non-selling employees in every store.

Earlier, Carmell had helped McFetridge oust a recalcitrant president of the Chicago Elevator Operators' union by getting one of his Air Line Pilots on the transatlantic run to dig up a baptismal certificate in Ireland proving the union head was not a U. S. citizen.

• **In Late Forties**—Boston-born, and graduate of Boston's Northeastern University, Carmell is a slender red-head in his late forties. He went to Chicago in 1928 to lecture on workmen's compensation law at Northwestern University, stayed on as attorney for the Legal

LOST

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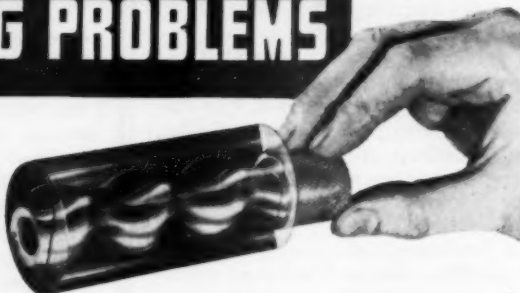


A trustee of the bankrupt Keeshin trucking empire—which scored the unions as it went down—is Daniel D. Carmell, Chicago attorney whose clientele of unions includes one operating in the Keeshin property.

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MOYNO vs. Centrifugal

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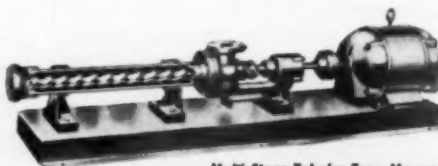
MOYNO vs. Turbine

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Aid Bureau of the United Charities of Chicago.

After several years of prosecuting wage claims before the Illinois Industrial Commission, he was appointed assistant attorney general of Illinois under Democratic Gov. Henry Horner. During an eight-year term, Carmell authored the first Minimum Wage Law for Women in Illinois, the Occupational Diseases Law, and Health and Safety Laws of Illinois, and numerous amendments to the Workmen's Compensation Act, then steered these through court tests.

• **Engaged by Olander**—His work on labor legislation brought him to the notice of Victor Olander, long-time vice president of the Illinois Federation of Labor. Olander started Carmell on his career as a labor attorney by hiring him as counsel for the State Federation.

Carmell is known as an advocate of strong, democratically run unions. He represents only A.F.L. unions, and refuses to accept as a client any union he considers tainted with racketeering.

NONUNIONIST PROTECTED

Employers are as firmly barred from acts encouraging union membership as they are from steps to discourage union enrollment of workers. Labor-management relations being what they are, the National Labor Relations Board has had little opportunity to use this proviso of the Wagner Act. Recently, however, NLRB dug out the dusty clause.

The American Car & Foundry Co. was found guilty of an unfair labor practice for dismissing an employee ostensibly because he quit work before the end of his shift but actually, according to NLRB, because he refused to join the Brotherhood of Railway Carmen (A.F.L.).

The company was ordered to rehire the discharged employee with full seniority, and to make up any loss of pay he suffered.

NLRB held that since American Car & Foundry had no closed-shop contract with the union it could not "co-operate" with the union to force employees to join it against their will. The fact that union members had refused to work with the nonmember, and had struck once for a short time in an attempt to force his dismissal, "does not grant the right to an employer to violate the act because of a threat of economic reprisal," the NLRB pointed out.

AS DUES OR FOR CHARITY

The alternative of accepting a check-off of union dues or a checkoff of an equal amount in contributions to charitable institutions recently was given to employees of Warwick Mills at Centerville, R. I., in a novel compromise of

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a closed-shop stalemate between the company and the Textile Workers Union of America (C.I.O.).

Negotiations between T.W.U.A. which claimed 425 of the total 450 employees, and company stalled over union security after pay increase, vacation pay and other contract terms were ironed out. The union demanded elimination of "free riders"—those who share benefits won by a union at no personal cost. The company flatly refused to approve any contract clause that might seem to force membership in T.W.U.A. on employees. The expedient of a compulsory checkoff either of union dues or of charity contributions was suggested by a federal conciliator, and accepted by both parties.

So far as the charities were concerned, the agreement—modification of a Ford Motor Co. of Canada plan (BW—Feb. 9'46,p70) which ordered a checkoff of dues to the union from all employees including nonmembers—has meant little. According to T.W.U.A., only two employees chose the charities.

JOBS FOR JAPANESE

California Japanese-Americans, still confronted with strong prejudice against them on the West Coast (BW—Sep.15'45,p36), are finding the welcome mat out for them in one place in Los Angeles—an employment office established by the labor-short Seabrook Farms at Bridgeton, N. J.

The Seabrook Farms division of Deepfield Packing Corp. (BW—May 22'46,p20) already employs 2,000 Japanese-Americans, mostly recruited from relocation centers. It is seeking between 300 and 400 more Nisei, Issei, and Kibei families to provide maintenance workers on its 15,000-acre farms development.

Families are offered housing accommodations formerly used by the Civilian Conservation Corps in a park near Bridgeton, or in new houses now under construction. Provided also are child welfare centers, extended credit, cafeteria service, bathing and picnicking facilities, and "friendly and courteous" treatment from residents in the Bridgeton area. Men are offered 64¢, women 57½¢ an hour for farm work.

The Seabrook management relied on prisoner-of-war labor to get it through wartime worker shortages, now must find a substitute in building up to its summer work force of approximately 7,500.

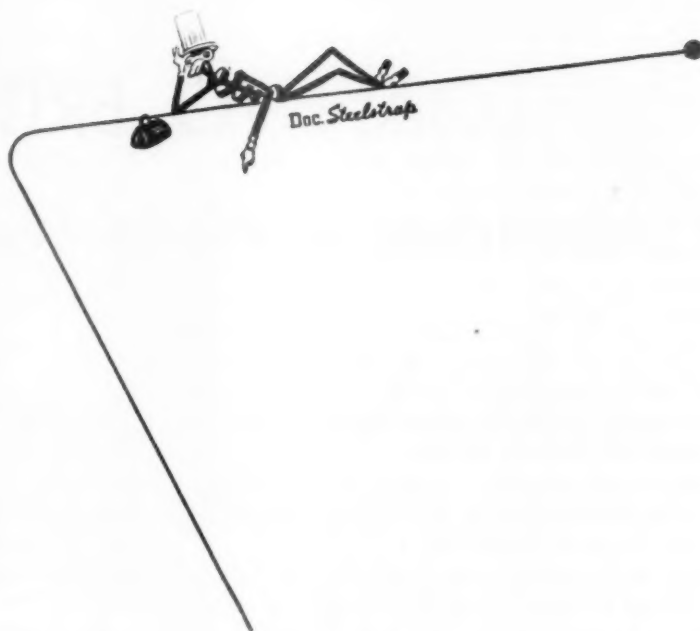
STRIKE LEADERS INDICTED

Ten officials of C.I.O.'s United Electrical, Radio & Machine Workers of America who led the violent two-month strike at General Electric Co.'s southwest Philadelphia plant were indicted last week on charges of contempt of

between the World...
for violations of an injunction...
indictments on this charge were...
to be the first ever returned by a...
sylvania court. It also will be the...
time that a defendant in a con-...
case has had the privilege of a...
trial.
The union leaders were named in...
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under terms which included sur-...
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Agreements have been signed ending...
tracted American Tobacco Co. strikes...
W-Feb.23'46,p93) in Trenton, N. J.,...
Charleston, S. C. C.I.O.'s Food,...
acco & Agricultural Workers got...
hourly raises and, in Charleston,...
won maintenance of membership...
dues checkoff.



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LOAN TO BRITAIN

...Investment in World Economic Unity

Congress should give swift and confident approval to the proposed loan to Great Britain.

Few other issues of foreign policy in the present troubled world lend themselves to such clear appraisal of where our National interest lies.

In simplest terms, the question is whether we should extend to Great Britain a credit of \$3¾ billions (plus \$650 millions in payment for lend-lease balances) in return for her promise to repay principal with interest over a fifty year period starting at the end of 1951, and her pledge to give the fullest possible support to the kind of world trading system which it is the declared policy of both the United States and the United Nations Organization to promote.

We Can Afford to Make It

The sum we hazard is not inconsiderable, but financial risks have meaning only when related to resources. The line of credit provided by the loan will amount, at most, to a claim on 2/5 of 1 percent of our gross output for the five to six year period over which it may be used. The interest rate charged, while moderate, is higher than our Treasury is paying upon current borrowings. The risk entailed is well within our resources as a creditor. In the considered judgment of the American and British technical experts who thrashed through the intricate accounting for three painful months, the amount and terms offered will suffice to allow Britain, under rigid austerity, to relax her system of foreign trade restrictions, and to expand exports sufficiently to pay her debt commitments.

Against the considered risks of extending the loan, there must be weighed the certain costs of refusing it. Without the loan, Britain has no recourse but to maintain and extend the system of bloc trading which she adopted under stress of world depression and world war. If that is the route Britain follows, she will carry with her a large part of the sterling area countries — all British Commonwealth and Empire countries (except Newfoundland and Canada) plus Egypt, Iraq, and Iceland — and many of the nations with which the United Kingdom has payment agreements (Argentina, Bolivia, Brazil, Chile, Paraguay, Peru, Uruguay, Belgium, Czechoslovakia, Denmark, Finland, France, Netherlands, Norway, Portugal, Spain, Sweden, and Turkey).

Altogether, the United Kingdom's orbit accounts for more than half of the world's imports and exports combined. It likewise is crucial to the trade of the United States. In the years immediately preceding war, the sterling area and payment-agreement countries provided just under one-half of both the imports and export trade of this country.

Russia, of course, will continue to conduct her foreign commerce exclusively upon a state-trading basis. Before the war, the Soviet Union transacted only a little more than 1 per cent of foreign trade business, but her future sphere of influence will be large — conceivable embracing as much as 30 per cent of total international trade.

We Cannot Afford to Refuse It

If the weight of British influence in foreign trade is thrown toward the Russian pattern rather than toward ours, it is apparent that bloc trading, with all of its supporting devices — bilateral deals, exchange controls, import and export quotas, subsidies, currency manipulations and the like — will be the prevailing pattern of foreign transactions.

In self-protection, the United States would have no alternative but to conform to the dominant pattern. We should be forced to form our own bloc, and enter into active economic warfare in bidding for trade concessions against the offers of our rivals. How we would do this is problematical. To the game we would bring the largest economic potential in the world. But our handicaps would be equally impressive.

First, under a system in which political and economic motivations are inextricably fused, a democratic nation and particularly one with a tradition of freedom in domestic enterprise, would operate at a great disadvantage. We should inevitably be driven toward more and more government control of our entire economy.

Second, with a pattern of foreign trade in which our exports habitually are greater than our imports, our bargaining position in international trade is much weaker than our over-all economic strength would suggest. Under state-controlled trading we should still find it difficult to compete successfully without resort to loans, and under these conditions our loans would be supporting a system alien to our choice and interest.

Third, under a regimented system which made economic

decisions subservient to political considerations, virtually certain that the volume of world trade will shrink. That was the clear experience of the nineteen-thirties. Thus, the standard of living in the United States would suffer in common with all others, we would be forced into a particularly drastic curtailment of certain war-expanded segments of our economy at the very time when a large portion of the world is in need of the products they can produce.

Weighing the Alternative Costs

In the years immediately ahead it is certain that from one-third to three-quarters of all international trade will be transacted either in pounds or dollars. If both currencies are linked in a determined effort to restore competitive world markets, to which buyers and sellers alike will have access without discrimination, that will be the dominant system of foreign trade. If the sterling group of its satellites organizes a closed grid, our exclusive system cannot preserve the trade pattern that we believe is most to us and to the world.

No one can accurately measure the costs to the United States of refusing the loan and accepting the consequences. But unquestionably they would dwarf to insignificance the sum risked in the proposed credit. We would lose through the shrinkage of our trade, through a wrench of violent readjustments in our production patterns, and eventually through the curtailment of our overall output below what it would be under an open rather than a closed system. We would lose heavily our economic liberty under a procedure that can be followed with success only by a close regimentation of production as well as trade.

Most of all, we would lose in prestige, through demonstrating that we are still unprepared to exercise a leadership to which our giant stature as the possessor of almost half of the world's economic capacity entitles us. Once again we would be exhibiting to the world the political feet of clay supporting an economic edifice of heroic proportions.

It Is Far from a "Soft" Bargain

There has been some disposition in this country to regard the loan to Britain as a somewhat "soft" and unusually unprecedented transaction that smacks of expediency. This is the sheerest nonsense.

In the first place, the kind of economic system we have has never functioned and cannot operate now without a lender. For many decades prior to World War I Great Britain filled the creditor role. In 1913 her foreign investments totaled \$19 billions, and she not only made such transactions pay, but they proved her creditworthiness through two grim wars. Her credits helped in the industrial development of a large segment of the world, including the United States. Of all the nations in the world, only the United States can assume now the mantle which Britain no longer can support.

In the second place, the terms of our proposed loan to the United Kingdom are far from easy. Britain put a substantially greater proportion of her relatively meager resources into the war than we did, and dissipated a large share of her foreign holdings in the process while accumulating an outside debt of crushing magnitude. On a per capita basis her internal debt is greater than ours. Many Britons feel that our proposed loan is too small, and its terms too rigorous. If the amount proves to be inadequate, we shall have to consider supplemental aid at a later date. But the majority believe that the present offer gives a fighting chance to restore the system of world trade that we and they both want, and upon which the World Bank, the Monetary Fund, and the International Trade Organization under United Nations aegis are based. It is certain that without our loan all of this will go by the board.

In the third place, our proposed loan is far from being without precedent. Canada, which is linked by far closer economic ties to us than to the Empire, already has provided for a loan to Britain of \$1,200,000,000. This amounts to almost a third of what we propose to lend, although Canada's population is less than 10 per cent, and her income is little more than 5 per cent of ours.

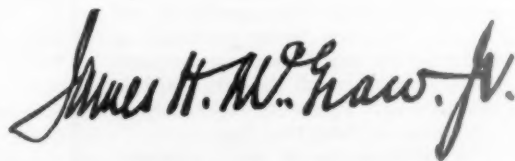
Shall the United States Lead or Follow?

The way to exercise leadership is to lead. Nothing could be more futile than to go half way toward establishing the economic order for which we stand, and then withhold the crucial measure that will make it work. Failure to approve the loan to Britain will be a clear default of leadership. Failure to approve it promptly will dissipate its effectiveness.

It has been officially stated that the British loan is a unique case that will establish no precedents for further credits to other nations. It is exceptional in its importance to our aim. But if the United States expects to make its economic program the dominant one for world trade, it must continue to exercise the creditor function without which that program cannot persist.

The most that we should ask is that future loan transactions be scrutinized as was this one to see that they offer comparable security and comparable return in support of the program for which we stand.

For the loan to Britain, it can be said that never before has one nation had an opportunity to gain so much at so little risk as has the United States in this uniquely decisive case.



President, McGraw-Hill Publishing Co., Inc.

MARKETING

Packaging Tries to Catch Up

Equipment makers in that field, wrestling with a three-year backlog of orders, offer scant comfort to customers. Meanwhile, new machines and new materials whet interest of processors.

The American Management Assn.'s smoothly run packaging conference, having outgrown the hotel ballrooms that housed it in other years, last week set up shop for four days in Atlantic City's mammoth auditorium.

Eight thousand visitors tramped enthusiastically around its 149 exhibition booths, sniffed the heavy scent of gardenias which had been flown in to publicize air shipment, hung eagerly over the few new products displayed, fell exhausted into chairs to haggle over quotas of supplies and delivery dates on machinery.

• **What They Wanted**—Clearly they had been drawn to this first postwar packaging show by more than a sunny boardwalk or any long-suppressed urge for convention hobnobbing.

They wanted packaging equipment—new machines for new products, old machines to replace those overworked in the war years when none was available.

Keenly aware of the growing importance of self-service in retailing—for many commodities besides food—they also wanted new and glamorous packaging that, in the probable absence of a sales person, would prompt "impulse buying" by the consumer.

• **Three-Year Backlog**—With respect to new equipment, they received scant encouragement. Frank E. Fairbanks, president of the Packaging Machinery Manufacturers Institute, summed up:

Packaging machinery manufacturers are now producing at nearly three times their prewar rate and have a three-year backlog of demand.

Chief bottlenecks are the training of new labor, and the shortage of components. Gray iron castings are especially hard to come by; delivery promises on fractional horsepower motors range up to January, 1948; and chain manufacturers are still beset with their own labor troubles.

• **Subcontracting**—Many packaging machinery firms are trying to speed up deliveries by subcontracting—an unfamiliar practice which they claim is substantially less profitable than keeping everything in their own shop.

While deliveries on small, semiautomatic machines range from about three to six months, those on bigger equip-

ment—high-speed, automatic models—are from twelve to 36 months. This, of course, is the equipment most in demand by users, who are already troubled by war-increased labor costs and nervously aware of the proposed 65¢ federal minimum wage law (BW—Feb. 23 '46, p. 96).

• **Newcomers**—There were some bright notes, however. One was the trio of new machines displayed by Wright's Automatic Machinery Co. of Durham, N. C.:

(1) A machine which wraps, seals, and labels standard 5¢ food packages in cellophane without use of cardboard or other support.

(2) A machine which, on the principle of "hydro-electric positive displacement" (instead of the conventional beam or spring scale), permits accurate,

high-speed weighing, at predetermined weights from 1 oz. to 1 lb., of such difficult items as potato chips for packaging.

(3) A machine which automatically applies cellulose bands to the necks of wine or liquor bottles at a rate of 130 per minute—an operation normally by hand only.

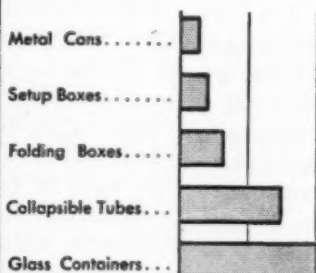
• **The War Developments**—The touted application of wartime packaging developments to peacetime use received relatively little attention except in case of packages requiring a moisture vapor barrier, and export shipping containers. The reason was plain: Most were so expensive that only Uncle Sam could afford to use them.

Anyone who may have come to the exposition unaware of the potential of prepackaging could hardly have remained in the dark very long. Exhibits such as Celanese Plastics Corp., Monsanto Chemical Co., E. I. du Pont Nemours & Co., and Sylvania Industrial Corp. displayed tomatoes, brass shirts, candy, suspenders, blankets, siery, fresh fish, bread, machine parts and dozens of other items—all gloriously wrapped in Lumarith, Plastocellophane, aluminum foil, or whatever you have you.

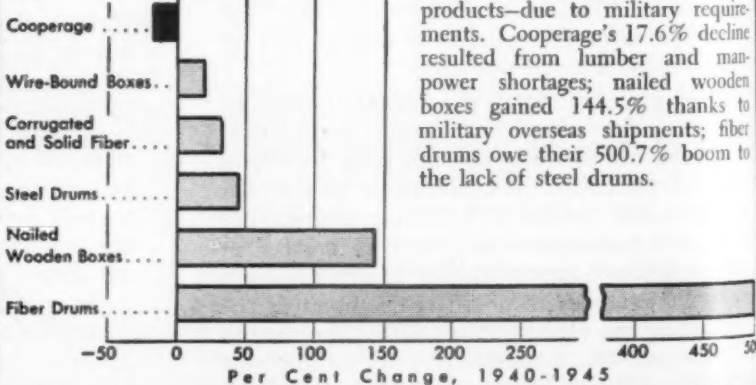
• **Still Hard to Get**—But supplies of these materials are, regrettably, skimpy. Manufacturers are still de-

PACKAGING TAKES STOCK AFTER WAR

CONSUMER CONTAINERS



SHIPPING CONTAINERS



(Data: Dept. of Commerce.)

© BUSINESS WEEK

Comparative gains of major types of consumer packages and shipping containers, 1945 over 1940, are shown by government data, available for the last time because of the disappearance of allocations and requirements for reporting usage. Glass containers scored a 102% increase because of their widespread substitution for tin cans (BW—Nov. 4 '44, p. 20). Collapsible tubes increased 75.8%—at a time when few could be had for civilian products—due to military requirements. Cooperage's 17.6% decline resulted from lumber and manpower shortages; nailed wooden boxes gained 144.5% thanks to military overseas shipments; fiber drums owe their 500.7% boom to the lack of steel drums.



Great things



are happening

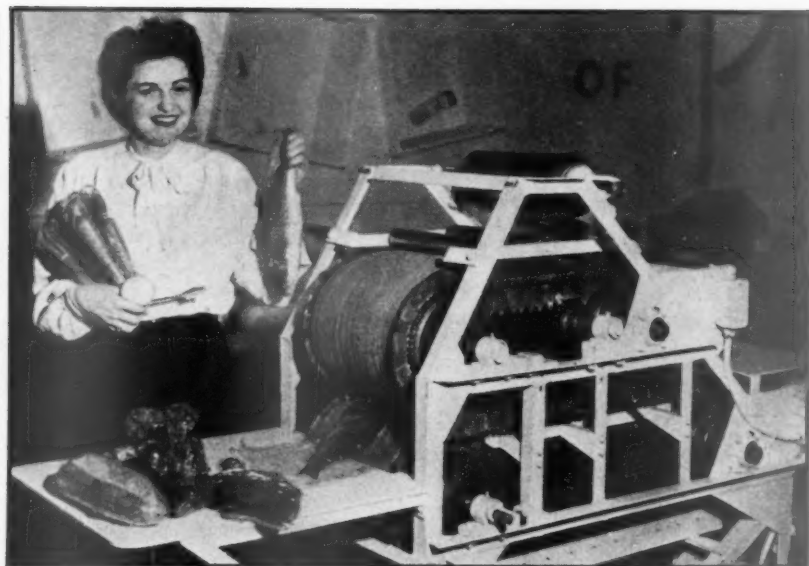


on the



Now under construction — new sleek Frisco streamliners — Meteor "Flash" and Texas Special — the finest and fastest ever built! Also more than 600 new freight cars of the latest type. For the finest and best in transportation — look to Frisco!

It's a
Great Railroad



A feature of the American Management Assn.'s packaging show at Atlantic City last week was the "Stretch-wrap" machine developed by Goodyear Tire & Rubber Co. It passed two continuous sheets of Pliofilm over heated rollers, thence between two soft Airfoam rubber belts which seal the film tightly around such odd-shaped objects as chickens, vegetables, hardware, roasts—even seafood. At the same time, the belts force the air out of the package—thus protecting mechanical objects from decay or rust, Goodyear says.

out their production under quota systems, and most are taking no new customers except those whose product promises some experimental or otherwise interesting use for the packaging material.

Nor was the outlook on other forms of packaging very encouraging—in many cases because resumed production of civilian goods outruns the supply of packaging materials. Fiber shipping container production will be about the same as in 1945. The industry is working at 95% of capacity, but this is still far short of demand.

One of the most critical shortages is in tinplate, though can manufacturers will get about as much this year as last year, despite the steel strike.

• **Other Stringencies**—Production of folding boxboard, multiwall paper bags, and textile bags is unequal to the demand.

Glass containers are scarce because of restrictions on the use of metal cans and the increased demand for packaging both new and old products.

Production of sheet and strip steel in 1946 will equal that of 1945, but competition from consumer durable goods industries may limit that allotted to packaging.

Collapsible tube production will total about 6,000,000 gross this year, against an estimated demand of 8,000,000 gross. This gap is due, of course, to the shortage of lead (BW—Apr. 6 '46, p. 88).

Strictly new packages were not plenti-

ful at the show, but a few attracted especial attention.

• **For Precooked Frozen Foods**—Container Corp. of America proffered a wax-lined, paperboard box, with metal ends, made by its subsidiary, Sefton Fibre Can Co. of St. Louis, especially for packaging precooked frozen foods. Its distinctive feature is an embedded string, which, when pulled, cuts through the package near the end, making it as easy to open as a gum or cigarette wrapper. It will be somewhat more expensive than the conventional frozen food package.

Reynolds Metals Co. introduced Reynolds Pak—a single sheet of lightweight aluminum, supplied preprinted in rolls, to be formed into packages in the processing plant as needed.

• **High Conductivity**—Reynolds is pushing it now for frozen foods, later for other products. Chief advantage claimed is that its high conductivity cuts freezing time one-third to one-half, thereby reducing operating costs and improving the flavor of the frozen food product.

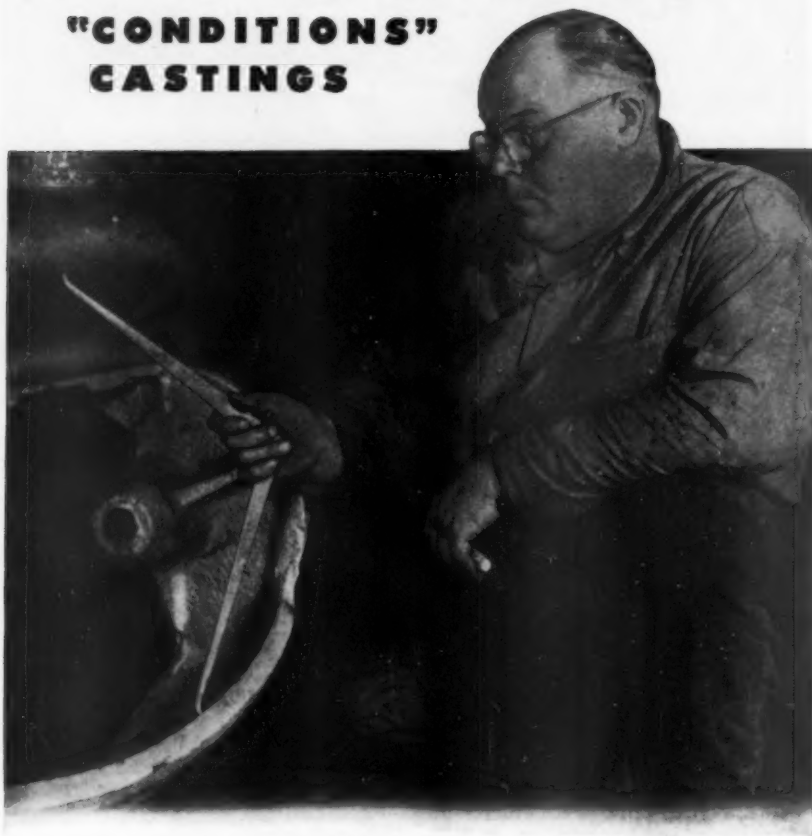
Other advantages are an absolute moisture-vapor barrier, nonabsorption of juices, and a colorful—even dazzling—outside appearance. The cost is said to compare favorably with other frozen food packages. Birds Eye-Snyder Division of General Foods Corp. will begin market tests on this package in June.

• **New Butter Wrap**—Another Reynolds innovation is a butter wrap of aluminum foil laminated to parchment. Its prin-

"Les" Dissinger

OF LEBANON

"CONDITIONS" CASTINGS



to Bring You Finer AIR CONDITIONING



ABOVE, you see "Les" Dissinger—for twelve years an employee of the Lebanon Steel Foundry—checking a casting before he shapes it in a 350-ton press.

The skill of Lebanon men like "Les" Dissinger plays a part in both your present and your future comfort. Lebanon Circle ① castings for compressors, engines, turbines, condensers, pumps, valves and fittings are major equipment in both unit condensers

and complete air conditioning systems.

Lebanon's knowledge, equipment and craftsmanship... the craftsmanship of men like "Les" Dissinger... may help you to improve product quality or to increase or maintain production. Investigate the applications of electric furnace alloy steel castings in your industry. Discuss your service conditions with a Lebanon foundry engineer or metallurgist.

LEBANON STEEL FOUNDRY, LEBANON, PA.
"In the Lebanon Valley"

ORIGINAL AMERICAN LICENSEE GEORGE FISHER (SWISS CHANGETTE) METHOD

LEBANON Castings
ALLOY AND STEEL



cial advantage is that butter so wrapped does not absorb foreign odors and is less likely to become rancid. Reynolds reports that in its tests 92 score butter packed in foil dropped only to 88 score after two weeks' storage in ordinary household refrigerator temperatures, while butter packed in the parchment wrapper and carton dropped to 88½ score. The weight loss of butter during prolonged cold storage is claimed to be less in the aluminum package.

Cost of the container is about 10¢ more than present butter package. Beatrice Creamery Co., Chicago, which has cooperated with Reynolds in developing and testing the package, will begin market tests within 60 days after Reynolds succeeds in ironing out a price ceiling conflict with OPA.

Back to Normal?

FTC decision in "The Case of the Beer Bottle Label" is another sign of the agency's return to a milder attitude.

It begins to look as if the Federal Trade Commission, which until it grew rambunctious five years ago (BW-Nov. 29 '41, p. 8) was considered the most powerful business of all government regulatory agencies, is almost back to normal again.

This week FTC modified a decision made in 1945 (height of the get-tough era) and ruled that the Manhattan Brewing Co. of Chicago can use the word "Canadian" on its beer or ale labels and advertisements "conspicuously and adequately" show that the product is of U. S. vintage.

• **Benefit of the Doubt**—Commissioner Lowell B. Mason, Truman's freshman appointee to FTC, who resuscitated the Manhattan case recently, says that there is a sharp difference between advertisements that actually deceive someone and those that merely "tend" to deceive and that Manhattan should get the benefit of any doubt.

"Few wives give their husbands black eyes," says Mason, "but many upon odd occasions may 'tend' in that direction. . . . If the police were required under the law to use no discretion but to arrest every woman who had that tendency or that capacity, we would close down shops, cripple manufacturing and almost completely destroy family life. So here, just how far shall the FTC go in searching out and preventing false 'tendencies' and 'capacities' in advertising?"

• **Split Decision**—Commissioners Garland S. Ferguson and Robert E. French agreed with Mason. Chairman W. A. Ayres and Commissioner Edwin L.



"The plane that parked on a cloud!"

by Mr. Friendly

(READING TIME: GREASED LIGHTNING)

When Tom Ipplhart took the Company plane up he got to thinking ...
"Flying is perfectly safe ... It's coming down that's dangerous!"

*"I might crash ... destroy property ... catch on fire ... injure someone.
 The sensible thing is not to land!"*

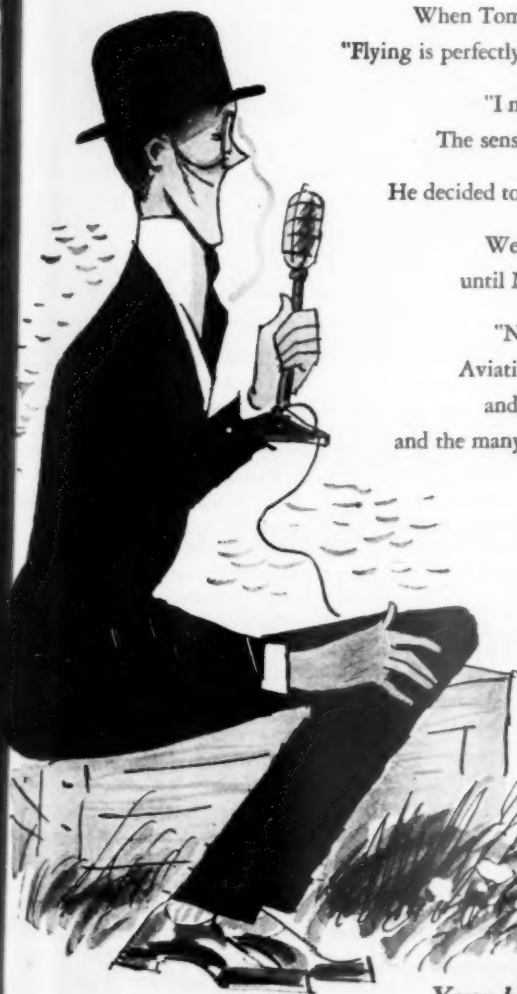
He decided to park the plane on a good safe cloud ... and radio his company.

Well, sir, they were in an uproar! ...
 until Mr. Friendly, the American Mutual Man appeared.

"Nothing to it!" he smiled. *"With American Mutual's complete
 Aviation coverage you'll be protected against every conceivable kind of loss ...
 and, like Workman's Compensation, Group Accident and Health,
 and the many other examples of our wide and complete coverage for businessmen ...
 you'll have the opportunity to save 20% on premiums!"*

Well, the moment they signed, Mr. Friendly spoke
 in the mike ... *"Calling Tom Ipplhart! ...
 Back out of that cloud, Tom ... You're completely protected now!"*

P. S. Send for your free copy of American Mutual's Aviation
 Insurance Plan today. You'll save ... You'll profit!
 Write: American Mutual Liability Insurance Company, Dept. B-21,
 142 Berkeley Street, Boston 16, Massachusetts.



Your helping hand for better business!

AMERICAN MUTUAL... the first American liability insurance company

©CPR. 1944, AMERICAN MUTUAL LIABILITY INSURANCE COMPANY

At Your Service

To Help Untie
Industrial Knots

HERE'S HOW HE SOLVED A PACKAGING PROBLEM

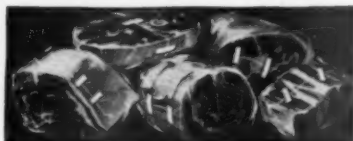


PROBLEM: To package frozen meats *transparently* for self-service stores. Packaging must withstand temperature and moisture extremes, rough handling, yet have eye appeal. The meat packer called in a Bauer & Black Technical Consultant.

POSSIBILITIES: Cellophane bags? — Too expensive; multiple shapes and sizes needed. Cheesecloth stockinette? — Unsightly, not transparent. Transparent acetate sheets, bound with tape? — YES! But what tape could do so rugged a job?

ANSWER: A special low-temperature tape developed by Bauer & Black. Where ordinary cloth and paper tape failed badly, Bauer & Black No. 610 stuck, at subzero and room temperatures. Equally strong wet or dry, attractive in use and less expensive for the purpose than twine, No. 610 is

backed with WEBRIL, an exclusive Kendall Company patented product.



NO LONGER A "PIG IN A POKE"

★ ★ ★

CUT YOUR COSTS

Bauer & Black Technical Consultants don't know *your* business as you do, but they DO know Industrial Tape. One of them will try—at no expense to you—to help you cut costs, speed production by pointing out timesaving, economical uses of tape in your plant. A session with him may pay you handsome returns. Write today to Dept. 64 for him to call.

NOTE: On your request we will gladly send you free our monthly **AUTOMOTIVE NEWS LETTER**, containing interesting, up-to-the-minute facts about the industry.

BAUER & BLACK

Division of The Kendall Company . . . 2500 S. Dearborn St., Chicago 16

Industrial Tape

PRESSURE SENSITIVE ADHESIVE

PRODUCTION SHORT CUTS TO REDUCE COSTS
RESEARCH TO SPEED AND IMPROVE METHODS



FOOD FOR COMPLAINT

For 16 years the Tomato Festival Fight at Dania, Fla., has been a publicity natural; few editors could resist the annual pictures of Florida bathing beauties, charming even under a coating of tomato pulp. But in this year of shortage and famine, Dania reaped not only publicity but a whirlwind of criticism—from as far away as England—about the "wicked waste of food." Town fathers explained hastily that the teams had hurled only rotten tomatoes unfit for consumption.

Davis did not. That division, incidentally, may be a tipoff on what to expect in other FTC cases.

A combination of the Reece Bill (BW—Feb. 9 '46, p53), a recent Supreme Court decision in the "Alpacuna" case (BW—Mar. 30 '46, p5), and the influence of Mason seems to be jarring FTC out of the stern attitude it assumed in the days when consumer groups prodded it into stiffer actions. Further evidence of the return to sweetness and light can be noted in FTC's recent considerable changes in procedure (BW—Feb. 23 '46, p7).

• **Top-Heavy Menu?**—Mason doesn't deny that FTC has authority to say what a label or an advertisement means to the public, but he remarks that "the feast of authority has at times been bad for the commission's digestion. With the leaven of moderation lacking, we might stuff ourselves on the indigestible parsing, phrasing, and syntax of too much advertising language while many vital questions of fair dealing in business go untasted on the table."

Backers of the Reece Bill can hardly believe their ears, but say they want the bill on the books anyhow—just in case

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HE SAYS—"AMEN"

Owners, Traffic Men, Drivers—all praise Kellys!

The new Kelly—like all Kellys—proves its toughness and dependability on the books *and on the road!* It's the trucker's tire!

The reason? The newest in tire-making methods, materials and machines is combined with Kelly's 52 years of tire craftsmanship—extra skill, extra care through every step of the manufacturing process!

The new Kelly offers stronger rayon cord, tougher tread, extra cushion between plies, a new shape to keep rubber relaxed instead of stretched but it also has *Kelly quality* that keeps it rolling long after other tires are worn out. Try Kellys! Test them against others if you like.

THE KELLY-SPRINGFIELD TIRE CO.
Cumberland, Maryland



Fleet Records show "Kellys are Tough."
KELLY QUALITY COSTS LESS
PER MILE!





OPPORTUNITIES

For Export Sales

For manufacturers in these important fields — foodstuffs, hardware, chemicals, steel — the Otis, McAllister organization offers you exceptional facilities for exporting throughout Latin America. These products are covered by our capable sales staffs in Mexico, Central America and South America.

Your inquiries are invited.

OTIS, McALLISTER & CO.

World Traders Since 1892

310 Sansome St., San Francisco 4

Canal Building, New Orleans 12

LOS ANGELES • CHICAGO • NEW YORK

Speed Sweep WITH A BACK OF STEEL



Makes Light Work Out of Tough Sweeping Jobs

Steel back of Speed Sweep brushes is the basis of unique construction for faster, easier, better sweeping. Block is $\frac{1}{2}$ usual size — easier to handle. Tufts of longer, better fibres are more compact — provide "spring and snap" action. Handle instantly adjustable to height of sweeper — reduces fatigue and strain. Speed Sweep brushes are built to outlast ordinary brushes 3 to 1.

GUARANTEED

Dustless brushes are used in thousands of offices, factories, schools, institutions and stores. They are unconditionally guaranteed to meet your requirements. Write for styles, sizes and prices today.



Who's Listening?

C.A.B. may drop "Crossley ratings" of program popularity. Industry committee criticizes all current checking methods.

If the findings of a special committee are adopted by members, the Co-operative Analysis of Broadcasting—radio's oldest program-rating service—will go out of the business of issuing its famed "Crossley ratings" (so nicknamed because the research firm of Crossley, Inc., does the field work). Instead, C.A.B. is advised to reorganize into a sort of braintrust to mastermind the straightening out of radio's vast research tangle.

• **Early Competition**—When C.A.B. was launched more than 15 years ago, advertisers and agencies were still dubious over radio's potentialities and frankly puzzled by the deluge of boxtops each new contest invited. C.A.B., cooperatively fostered by the Assn. of National Advertisers and the American Assn. of Advertising Agencies, was the answer. By telephoning the public (through Crossley, Inc.), C.A.B. could provide

sponsors with an idea of relative program popularity, and—to a lesser extent—some idea of audience size.

The fact that C.A.B. was sponsored by an agency engineered—though the networks were invited to subscribe and thus have a voice in C.A.B. affairs—left the door open for a competitor. In 1934 the research firm of C. E. Hooper ("Hooperatings") started to buck C.A.B. While Hooper did not get capital from the networks and was invited by them to compete with C.A.B., the chains undoubtedly were glad to see him in the field, and cheered whenever Hooper's telephone produced higher ratings than C.A.B.

• **No Referee Available**—After a decade of competition (BW—Feb. 12, 1944), both services had staged such intense membership drives that there was appreciable overlap in subscribers. Further competition got so hot that the radio systems were growing ever more elaborate and costly. Though it was cooperative and nonprofit, C.A.B. could call a halt to the race any more than Hooper could, and a rumored merger got hopelessly tangled up in personalities.

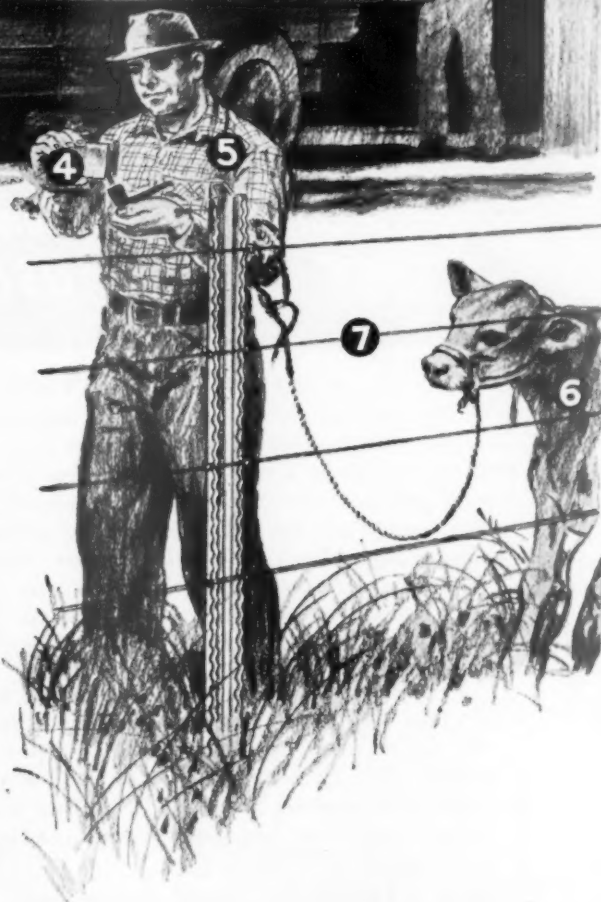
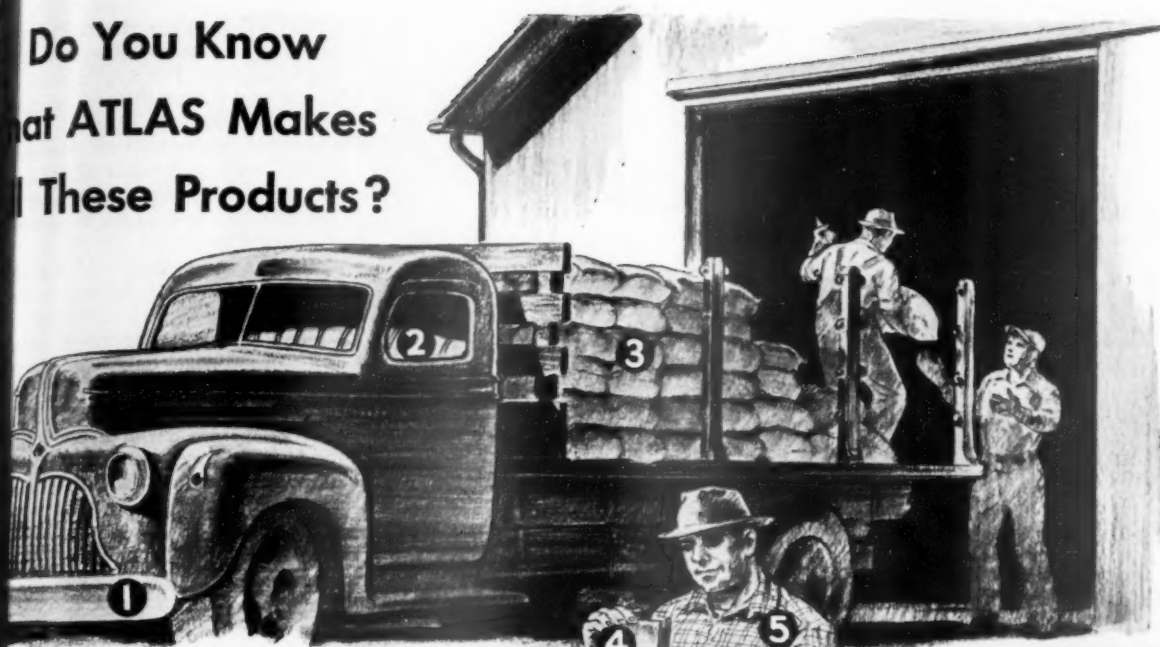
To complicate affairs still more, the firm of A. C. Nielsen actively jumped into the fray in 1943 with an "audience



SEARS CONTRACTS FOR FLIGHTS OF FASHION

At La Guardia Field last week, National Skyway Freight Corp.—the "Tiger Line" (BW—Aug. 25, 1945, p. 21)—loaded up a specially equipped freighter with about \$50,000 worth of women's wear for Sears, Roebuck's retail stores in Los Angeles. For Skyway the flight was more than just another one-shot publicity junket; it has a contract to fly some 5,000 garments weekly—on hand and unwrapped—for the mail-order house. For Sears, it means saving on packing and pressing, plus 20-hour coast-to-coast delivery that it expects will result in bigger and faster turnover. Sears hopes to expand the air service

Do You Know What ATLAS Makes All These Products?



Atlas makes commercial explosives, yes. But they are not the be-all and end-all of Atlas business. Atlas manufactures many other products which, in themselves or indirectly, serve American life in hundreds of ways. Some are illustrated in this picture.

Numerous are these products—and so complexed their structure and formulation—that Atlas has accumulated a mass of techniques which are of increasing value to American industry. This experience and “know how” are available to you, should you be interested in improving your products or processes. When technical problems arise in your business, Atlas will be glad to help you solve them.

1. Darco activated carbon used in metal finishing. 2. Coated fabric automotive upholstery. 3. Acids to make fertilizer. 4. Humectant in tobacco. 5. Textile chemicals. 6. Emulsifiers for DDT concentrates. 7. Explosives for mining metals.



ATLAS

POWDER COMPANY
WILMINGTON 99, DELAWARE
Offices in Principal Cities

Industrial Explosives • Industrial Finishes • Coated Fabrics • Acids
Activated Carbons • Industrial Chemicals

It's happening at
SALES COUNTERS

Because Carpenter Made Stainless
COST LESS TO USE

• You don't have to be told about the "sales magic" of Stainless Steel—how it catches your eye in a new fishing reel—or wins your wife's prompt approval of kitchen cutlery. For everyone knows that Stainless won't rust or "peel", that its gleaming bright finish is permanent.

To take full advantage of the "pride of ownership" appeal that Stainless can give *your products*, you'll want more than just any

Stainless. You'll want the Carpenter Stainless that can lower your costs by keeping you free from tooling troubles, by reducing your rejects and servicing problems. For the kind of Stainless that is uniform from lot to lot always specify "Carpenter".

And for the kind of personal help that gets your Stainless problems solved faster, see your nearby Carpenter representative. Drop us a line today.

THE CARPENTER STEEL COMPANY, Reading, Pa.

Carpenter
STAINLESS STEELS

...for

- Strength
- Rigidity
- Heat Resistance
- Corrosion Resistance
- Longer Product Life
- Sales Appeal

BRANCHES AT: Buffalo, Chicago, Cincinnati, Cleveland, Dayton, Detroit, Hartford, Indianapolis, New York, Philadelphia, Providence, St. Louis

meter" which, when attached to a set, records tunings on a tape (BWS Aug. 18 '45, p. 89). Nielsen vigorously defended that his mechanical device equated all telephone research.

• **Networks Protest**—With three series to mull over, the world of radio gradually progressed from a state of confusion to uneasiness to something verging on cynicism.

Matters came to a head last week when the networks let out a scare over a C.A.B. boost in charges in the aftermath of stepping up its sample and threatened to cancel their support of the co-op, which, historically, was their baby anyway.

Faced with a revolt of the networks, the C.A.B. soon generated an investigation within itself which spread from mere subject of costs to the whole gamut of research methods as well. A tentative investigating committee was set up, consisting of Robert F. Elder, assistant to the president of Lever Bros. (a pioneer user of Nielsen's "audimeter" and a veteran C.A.B. member); Thomas D'Arcy Brophy, president of Kenyon Eckhardt; and Edgar Kobak, president of Mutual Broadcasting System.

• **Recommendations**—Last week the committee turned in its report. The committee was plainly dissatisfied with telephone techniques as "excluding" the great majority of radio listeners inferentially criticized all existing techniques as not producing satisfactory results; said there was a crying need for an "ideal" service; and advised that the C.A.B. get out of the rating business so it can devote its energies to hunting and bargaining for this ideal.

C.A.B. members must now decide how super-quality can be achieved without again driving up costs and the decision probably will take considerable thrashing out.

MACY SALES SOAR

Further evidence of the reasons behind Wall Street's ardent interest in department store stocks (BWS Aug. 6 '46, p. 115) came last week when R. H. Macy & Co. announced that in the weeks ending Feb. 2, annual sales for the first time topped the \$200,000,000 mark. Macy's various properties far surpassed this figure in thousands of dollars.

	Sales This Year (53 Weeks)	Sales Last Year (52 Weeks)
Macy's New York	\$132,264	\$116,400
L. Bamberger	45,415	38,800
Davison-Paxon	22,459	16,800
Lasalle & Koch	14,774	12,000
O'Connor, Moffatt	4,404*	...
	\$219,316	\$184,000

*From Sept. 1, 1945, date of acquisition.

Net income after taxes this time

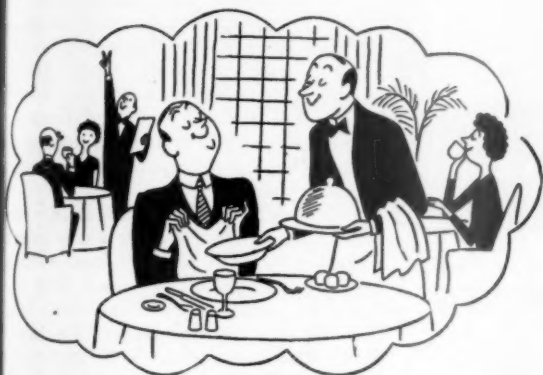


SHE: You certainly don't look to me, dear, like the tired-business-man-who's-been-on-a-long-trip!

HE: And I don't *feel* like one, either! It was wonderful...



HE: . . . Just wonderful. I stopped at the Statler Hotel right in the heart of the business center! What a room I had! I can just see it now. Large, roomy, home-like, with a wonderful bed . . . comfortable chairs . . . a radio . . . a newspaper . . . a swell bath . . . and . . .



HE: One of the first things I did was to head for the Statler Dining Room. Was *that* a treat! The best food in town, prepared *just* as I like it, and perfectly served. Statler is one place where you really *are* a guest these days.



HE: And then did I get a good night's sleep! There's nothing quite like a Statler bed with its 537-coil, built-in springs, and its relaxing, foot-thick mattress. Seems to be made up with just yards and yards of snowy-white comfort. I rested like a clam at high tide.



SHE: When are you going on another business trip?

HE: Soon, soon, I hope.

SHE: I hope so, too. Because *I'm* going right along with you!



HOTELS STATLER IN

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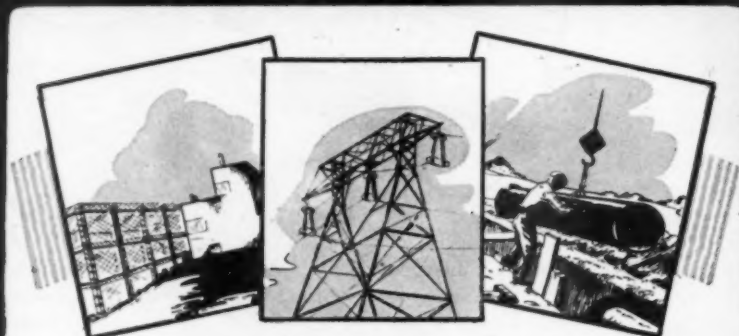
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Just Out

JOBS AND MARKETS

How to Prevent Inflation and Depression in the Transition

A COMMITTEE FOR ECONOMIC DEVELOPMENT RESEARCH STUDY

By Melvin G. deChazeau, Albert G. Hart, Gardiner C. Means, Howard B. Myers, Herbert Stein, Theodore O. Yotema, Research Staff, Committee for Economic Development

143 pages, 6 x 9, \$1.60

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\$5,046,000 as against \$4,775,000 in the prior year.

The report, which confirms that Macy's is expansion-minded and will continue to branch out (BW-Mar. 23'46,p80), also says that the combined store operations are now big enough to warrant consolidated corporate buying offices. These are being established in Manhattan.

Flying Tastes

United's poll shows that air passengers want comfort, but pick their line chiefly for convenience of schedules.

Eighteen months ago United Airlines asked its customers and prospects to answer 125 questions to elicit their ideas for the interior design of its postwar "Mainliner"—a 5-mi.-per-minute, 52-passenger transport scheduled for coast-to-coast service late this summer (BW-Oct.7'44,p96). This week United published a summary of the 19,000 answers it received to its questionnaire. Some of it makes thoughtful reading for other forms of transportation as well as for the airlines.

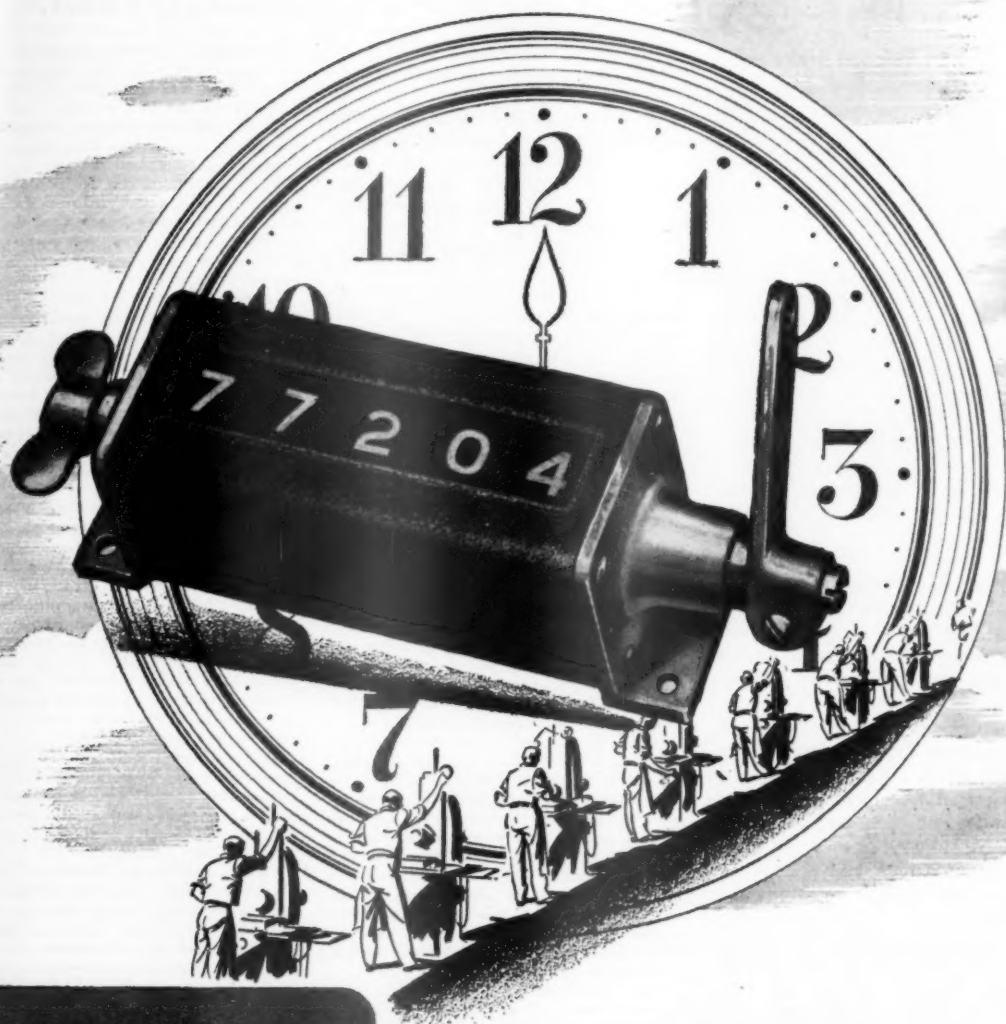
● **Air for Long Trips**—Apparently, the longer the trip, the more likely passengers are to go by plane. Given a choice of an overnight trip by train or a 3-hr. trip by plane at the same cost, 90% of United's respondents said they would take to the air, while 99% preferred a 6-hr. to 7-hr. plane ride to 40 hr. by train.

The proportion of passengers willing to pay extra for a plane berth is surprisingly small, however. Although 56% thought berths on airplanes desirable, only 15% were willing to pay a berth charge comparable to that for a Pullman berth for the same distance. Most passengers said they would arrange their schedule so as to fly by day rather than pay a \$25 charge for a berth on an 8½-hr. coast-to-coast flight or on a 5-hr. trip between the Pacific Coast and Chicago.

● **Sociability Preferred**—Since the 100-ft. Mainliner will have a cabin as long as a railroad coach, United asked customers whether to divide it, and if so, how. The vote was 4-to-1 for an open cabin for passengers traveling alone, but 55% would rather be in compartments when traveling with someone else.

America's favorite dinner, judging by the preferences of United's correspondents, consists of tomato juice; filet mignon; mashed potatoes, asparagus, and lima beans; hearts of lettuce salad; and ice cream and coffee.

● **Drys Lose**—A surprise in the survey was the heavy vote (69%) for premix



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BREAK IN OPA ROOF IS MADE—SELECTIVELY

The effort to regulate prices right across the board finally has been abandoned. This step was formalized by OPA when it removed price ceilings on long lists of capital goods and consumers' durables this week.

These potential ceiling punctures, however, are in fields which will have little if any short-term influence on the cost of living. Here, for example, are major product lines in production, transportation, and other industrial equipment on which price control has been suspended:

Electrical: steam hydraulic and gas turbines; direct current arc welding equipment; electric motors, 250 hp. and over; transformers, 500 kva. and over; telephone central station and other telephone equipment; antenna systems and towers; domestic watt-hour electric meters.

Machine tools: large types (both new and used) as defined in MPR 67 (new) and MPR 1 (secondhand).

Processing: many types of textile machinery; specially built newspaper and magazine presses.

Construction: dredges; lock and dam machinery listed in Appendix A of revised MPR 136.

Transportation: locomotives and tenders; freight cars; passenger cars for surface, subway, or elevated lines; many railroad parts and specialties; passenger and freight elevators and escalators.

Miscellaneous: industrial casters; mechanical precision springs; gaskets; dies, jigs, fixtures, molds, and patterns (with some exceptions); open or flat die forgings (except commercial drop forgings); tire chains; diesel engines (with some exceptions); steam generating equipment; industrial and marine stokers (feeding capacity 1,200 lb. or more per hour); industrial conveyors and conveying systems of stationary type (with some exceptions).

• **The Exceptions**—When it came to consumer durables, OPA found it easier to enumerate the things still under control than those being removed, and hence, the following consumer durable goods regulations are listed as being unchanged:

MPR 64: Domestic cooking and heating stoves.

MPR 86: Domestic washing and ironing machines.

MPR 111: Vacuum cleaners.

MPR 598: Household mechanical refrigerators.

MPR 57: Wool floor coverings.

MPR 213: New coil and flat bed-springs and metal beds.

MPR 318: Feathers and down.

MPR 548: Metal upholstery springs, constructions, and accessories.

MPR 584: Feather-filled pillows and upholstery cushion innercasings.

MPR 116: China and pottery.

MPR 499: Imported Swiss watches.

MPR 564: Fountain pens and mechanical pencils.

MPR 599: Radio receivers and phonographs.

OPA lists the following items as remaining under price controls of the consumer durable goods order (MPR 188):

Paints and Varnishes: All ready-mixed paints; paste and semipaste paints; putty; fillers; oil, varnish, and spirit stains; paint and varnish remover; colors in oil; white lead in oil; zinc white in oil; marine paints; water paints; calcimine; calking, waterproofing (integral and hardeners), pipe.

Bedding: Box springs; cots made of all new materials; double-duty sleep equipment including studio couches, sofa beds, lounges, chair beds, love seats, and sliding couches; double-deck beds made of all new materials; sisal pads; high chair, play yard, basket and nursery seat pads, and other nursery pads; cotton wadding and batting made from new and used materials (but not including dry goods cotton wadding and batting sold by the manufacturer directly to retailers); mattresses and mattress pads; comforters; bed-springs which are made as integral parts of nonmetal beds; inner constructions for box springs and double duty sleeping equipment made of all new materials.

Furniture and Furniture Parts: All household furniture manufactured from any new material or from new materials and used innerspring units, used filling materials, used upholstery frames, or used joinery hardware, for any purpose to be used in any location, and any other articles manufactured from new materials which are made to serve the functional purposes of furniture; furniture frames; assembled wood furniture parts.

Floor Coverings: All types except terry cloth bath mats and wool floor coverings subject to Revised Price Schedule No. 57; carpet lining.

Hardware: Adzes; auger bits and braces, hand; auto mechanics' tools; axes; bars; blow torches and firepots; calipers; calking tools; cement workers', masons' and plasterers' hand tools; chisels; dividers; drills and drill points; hammers; hatchets; draw knives; levels; logging tools; nail pullers; planes; pliers; punches; rules and tapes; saws including hacksaw frames; screw drivers; snips; soldering irons; squares; wrenches; heavy forged iron tools (all types listed in Dept. of Commerce Circular "Forged Tools, Simplified Practice Recommendation R 17"); handled forks; hoes and rakes (but not lawn rakes); hand operated post hole diggers and augers; pruning equipment (but not hedge shears); scythes; shovels, scoops and spades (but not snow shovels); hand operated insecticide sprayers and dusters; long-handled weedeaters and cultivators; fitted tool cases and kits; oil, kerosene, and gasoline lanterns; hand operated lawn mowers; oilers; wheelbarrows.

Household Appliances: Sewing machines; dishwashers; air-conditioning equipment (portable, under one horsepower); small electrical appliances (as defined in Order No. 6 under section 1499.159e of MPR No. 188, except pedestal, portable and wall fans with blades over 20 in. in diameter); acoustically amplified phonographs.

Housewares: Aluminum, enameled, cast-iron, galvanized, japanned, magnesium, and stainless steel cooking utensils and housewares, including garbage and ash cans; bath scales; bathroom and closet fixtures; shower curtains and shower curtain sets; hand operated carpet sweepers; carving and kitchen knives and forks; casseroles, cookers and canners; clothes wringers; coffee makers and parts; food choppers and extractors; hand operated washing machines; canning jars and closures; metal pails and tubs; portable ovens; pottery; ironing boards; washboards; wire housewares.

Luggage: Briefcases; club bags; dress trunks; finished cases of wood, leather, fabricated canvas, etc., for carrying instruments; fitted cases; overnighters; Gladstones; hand trunks; hat and shoe boxes (except paper); sample cases and trunks; steamer trunks; suitcases; two suiters; wardrobe trunks; zipper bags; train boxes; military type handbags, etc.

Glassware: Cooking ware; mixing bowls; cutware; dishes; kitchenware; heat resistant glassware; lamp chimneys; lantern globes; illuminating glassware; tableware; tumblers; hotel and institutional glassware.

Portable Lamps and Shades (other than industrial lighting fixtures): Boudoir; desk; floor; table; novelty; wall; oil; mantle; torches; hurricane; parts (except electrical).

Wheel Goods, Parts, and Accessories: Bicycles, accessories, and parts (except tires and tubes); motor scooters; tricycles and velocipedes; baby carriages, strollers, and walkers; beach carts; scooters; sidewalk bikes; wagons with metal bodies longer than 18 inches; wheeled play cars.

Optical Goods: Finished and semifinished lenses for optical, ophthalmic, and scientific use; cases, frames, and mountings for eye glasses, spectacles, sun glasses and goggles; sun glasses; goggles and lenses (except industrial safety equipment).

Health Supplies and Equipment: Adhesive plaster and tape; surgical bandages; wheel chairs; absorbent cotton; crutches; surgical dressing; first-aid kits; surgical gauze.

Business and Store Machines: Accounting; adding; addressing; bookkeeping; calculating; cash registers and devices; dictating; duplicating; fare registering; recording; stenographic; typewriters; scales; food slicing and chopping; coffee grinders.

Commercial Equipment and Supplies: Commercial furniture and equipment, metal or wood, office, store or institutional: desks; cabinets; files; lockers; shelving; tables; chairs (except barber chairs); store display equipment (not including manikins); cooking utensils and pails; hotel and restaurant tables and chairs; tool boxes; safes, cash, and bond boxes.

Rope and Cordage: Rope and cordage including grommets made from rope (except those manufactured from cotton and synthetic fibers); rope halters; wrapping twines (except cotton).

Miscellaneous: Automobile seat coverings; therapeutic lamps; dry batteries; photographic equipment, accessories and supplies (including carrying cases); floor cleaning and polishing machines; Venetian blinds; window shades; ink; buckles and parts, fasteners (slide and snap), and parts, hooks and eyes, clasps; thermostats for domestic cooking ranges; radio and phonograph cabinets; cabinets for household refrigerators; cabinets for household sewing machines; name plates; awnings; outboard motors; brooms; razors and razor blades; umbrellas; silverware chests; step ladders; funeral supplies; mirrors; ice refrigerators; table flatware; clocks and clock-type watches, movements and cases.

Previous polls had shown a
antiquor sentiment.
2% favored male attendants.
either 98% split evenly between a
of two stewardesses and a stew-
wardess team for the larger air-

st passengers said they preferred
their seats assigned, even at a
extra cost, rather than go on a
ome, first-served basis.

Gets After Schedules—More than
indicated that their families, too,
use planes for pleasure and vaca-
trips. Special considerations for
fry were requested in the form of
warmers, bottle coolers, and baby

But dogs were blacklisted, and
thought it unnecessary to provide
in planes for any pets.

ths arranged in line with the di-
m of flight, rather than crosswise,
preferred by 87%.

ng distance telephones plugged
circuits at airports were requested
5%; 52% wanted movies, 55%
ed television, 70% wanted radio—
with individual speakers. More than
thought smoking should be per-
ed anywhere in the cabin, but 59%
ed thumbs down on cigars as being
objectionable than pipes and ciga-

ite apart from these refinements,
overwhelming opinion (88%) was
the chief factor in determining the
e of airline was the convenience of
rture and arrival times. Whether
made their own reservations or
this done for them, 88% said that
specified their choice of airline by
h to travel.

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Agencies, the Assn. of National
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al readership of particular papers;
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The National Pressure Cooker Company of Eau Claire, Wisconsin, is one of the nation's leading manufacturers of pressure cookers. Many convenient features are built into their cookers that add versatility and value . . . features such as the handy wire lift-out basket shown above.

National's "know how" in the manufacture of pressure cookers is further exemplified in the materials selected . . . special finish Keystone wire is used throughout for the racks, lift-out prongs and pan spacers. We are indeed proud that Keystone wire has been chosen to add its bit to the *quality* of National Pressure Cookers.



*The National Pressure
Cooker Company,
Eau Claire, Wisconsin

KEYSTONE STEEL & WIRE CO.
Peoria 7, Illinois



Vimms Vanish

Withdrawal of vitamin retail market is blamed on cost of repeat sales in face of "ethical" house competition

Nobody in the vitamin business was surprised when Lever Bros. announced that its multiple vitamin product, Vimms, was withdrawn from the market.

Nor did anybody need to be told that Lever Bros. had taken this action because of the same affliction that has afflicted Standard Brands, Inc. (and, later, Albert Pharmacal Co.), to drop out of the retail proprietary vitamin market because of the high cost of maintaining repeat sales (BW-Dec. 2'44,p88). Vicks Chemical Co., producers of Vitamin Plus, and Groves Laboratories, makers of Vitafenders, have reduced their vitamin advertising appropriations.

• **Ethical Houses Gain**—Proprietary vitamin sales have dropped steadily in the past few years despite the heroic efforts of some of the country's top advertising agencies, and the millions of advertising dollars at their disposal. At the same time sales by companies like Groves Laboratories, E. R. Squibb & Co., Parke, Davis & Co.—designated "ethical" trade as "ethical" houses—have increased.

The explanation lies principally in the close relationship which exists between the medical profession and the vitamin houses. If Joe Doakes, feeling chronically under the weather, buys a proprietary brand of vitamins he may quit the first package or two if he can get no spectacular improvement in his condition. But if he buys them on his doctor's recommendation he is likely to continue because the doctor keeps sold on the idea. Hence ethical houses direct their advertising dollars to the medical profession—via elaborate mail campaigns, sampling, and frequent visits by detail men—and this policy is paid off. Druggists favor "ethical" brands because of their wider profit margin.

• **Some Still Going Strong**—It is possible, however, that big names like Standard Brands and Lever Bros. may make a comeback in the vitamin business by some other merchandising approach. Lever Bros. has announced that it has not dropped its industrial sales contracts whether these will continue beyond the present contracts remains to be seen.

Meanwhile, though proprietary vitamins are by no means off the market, the only giant left in the field is Groves Laboratories, and trade gossip indicates that Miles' sales are holding up well. One reason may be that

Local Light for Better Sight . . .

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There's no margin for error in such critical tasks as precision machining, fine inspection, bench and assembly work. And none in drafting, accounting, bookkeeping. These jobs—and many others—demand straight seeing!

Use local light for better sight . . . Dazor Floating Lamps. For Dazors bring all-around flexibility to individual working areas, giving users full control over both the location and intensity of illumination.

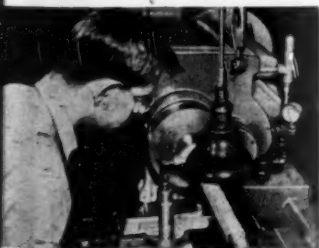
A touch of the hand does it—floats the lamp to virtually any position where it stays put without further attention. This freedom of movement results from the floating arm, an exclusive patented Dazor development.

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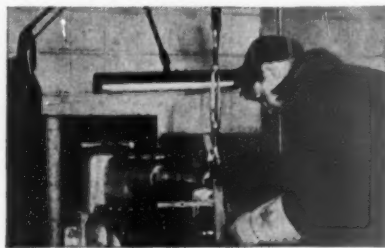
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DAZOR Floating LAMPS

FLUORESCENT and INCANDESCENT



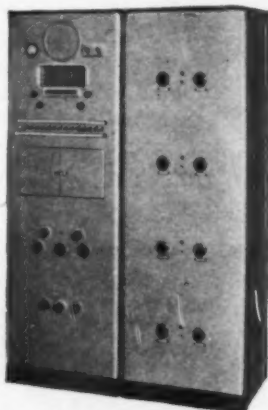
It helps in the office, too!

WAR PLANTS and other industries have made most of us familiar with the contributions to production and morale that can be had from the proper use of 'work music.' One plant estimates that every \$1 invested in 'work music' saved \$84. And controlled tests showed, 8,494 man-days saved in 7 months.

But did you know that subdued music (far softer than most factory 'work music') is helping clerical workers to increase production and improve accuracy...with less tension and greater ease? And in such diverse fields as banks, insurance companies, colleges, publishing houses, and large general offices?

A new development, the Stromberg-Carlson Standard Sound System, puts all such 'work music' at your disposal, as well as giving you complete paging and many other communication services. And so simply! Handsome steel cabinets contain all the 'works,' and need only to be wired to the desired number of loud speakers. Your local Stromberg-Carlson Sound Equipment distribu-

tor (see your classified telephone directory) will gladly aid you in planning your most advantageous installation. Or write, Sound Equipment Division, Stromberg-Carlson Company, Dept. B4, 320 N. Goodman Street, Rochester 7, New York.



New Stromberg-Carlson Sound System control and amplifier sections in cabinet of glacier gray heavy gauge steel. (Left) Model 775 Cabinet Assembly with radio receiver, phonograph record player and controls. (Right) Model 777 Power Amplifier Cabinet Assembly.



STROMBERG-CARLSON

STRAIGHT-LINE



COMMUNICATION



One-A-Day multiple vitamin capsules are substantially more convenient for consumers than other brands which must be taken three times a day.

• **Research Plan**—Incidentally, dietary companies and ethical groups which have been trying for 15 years to get together to finance vitamin research in relation to human nutrition via grants-in-aid to private laboratories and universities (BW—Dec. 16 '44) last month finally incorporated the National Vitamin Foundation, Inc.

P. S.

Lederle Laboratories started the trade last week by cutting the list of its 25,000-unit penicillin tablets from \$7.50 to \$3.75 a dozen. The explanation—that the company has "commenced production on a large scale"—bears earlier indications that the penicillin industry can readily meet demand (Aug. 25 '45, p. 69).

After surveying 85 manufacturers, the Federal Communications Commission thinks industry can produce 22,000 radio sets in 1946, up around 70% from peak 1941. But manufacturers will pass frequency modulation and television—only 1,800,000 receivers have an FM band; only about 10% will be equipped with black and white television.

The Rockefeller Foundation recently figures that Sears, Roebuck has been around long enough, and is sufficiently established to rate as a social institution. It has granted \$36,000 to Boris Emmet (Sears former vice president in charge of merchandising) to study the history of the mail-order house from headquarters at the University of Chicago.

Proposed sale of WINS. Hearst station in Manhattan, to Crosley Co. has been turned down by the Federal Communications Commission. It frowned on the idea of Crosley's buying part cash for the station (\$100,000) plus part free radio time (\$500,000 worth over a ten-year period), if the two parties can work out an arrangement, FCC will listen.

Crowell-Collier Publishing Co. working on a new international magazine of the picture type to be ready in 1947. The idea is the outgrowth of "Victory"—the propaganda magazine Collier's produced during the war for the Office of War Information.

Kroger Grocery is adding five stores in the Chicago area, apparently the start of a drive to populate northern Illinois more thickly with Kroger stores.

Still expanding into the retail field as fast as it can gobble up properties (—Mar. 23 '46, p. 93), Spiegel, Inc., now purchased the 54 stores of the J. & J. Motor Supply Co.

THE INTERNATIONAL OUTLOOK

BUSINESS WEEK

DECEMBER 13, 1946



Moves to reconvert world trade to peacetime patterns are at least six months behind schedule.

The British loan can't be expected to pass Congress before June—at the earliest.

The World Bank and Fund are being organized, but it will be the end of the year before they begin functioning.

Major reciprocal trade agreement hearings will not be scheduled until the British loan is out of the hands of Congress.

And all thought of being able to hold the International Trade Organization conference this year is rapidly fading.

As a result, executives need to adjust international operating plans to take into account a continuation well into 1947 of many wartime trading regulations.

Meanwhile, unexpected developments abroad are altering the international economic outlook.

In Europe and the Middle East, the Soviet Union continues to baffle foreign operating executives.

Hungary this week confirmed reports that Soviet and Hungarian interests had concluded an agreement for a joint company to operate air and river shipping services.

This makes the Moscow government an active partner (with a controlling voice at least for the present) in key transport services reaching into the center of Europe.

On the other hand, Soviet occupation authorities in Austria are claimed to have acknowledged the validity of Socony-Vacuum oil holdings in that country and to have promised compensation for their occupation and operation by the Red Army since it entered Austria.

In China, look for fresh progress toward economic and political consolidation as soon as Gen. George Marshall returns from Washington.

Objectives of Marshall's Washington visit:

(1) To sell Truman and the State Dept. on the need for a policy of bold and vigorous action in the Orient.

(2) To unsnarl the Washington red tape now jeopardizing effective U. S. operations in China.

In private talks, Marshall said flatly that solution of the China crisis is this country's No. 1 strategic problem; that the chaos following a breakdown there would possibly cost us our victory in the Pacific.

In Argentina, where—to Washington's naive astonishment—the country went fascist by way of the ballot box, the U. S. has shifted from its futilely hostile stand and is beginning the slow and distasteful task of building diplomatic ties with the new Peron government.

U. S. business, which in most cases has held aloof from the diplomatic battle, will need to move fast now to make up for the head start gained by British, Swedish, and—recently—even Soviet trade delegations in capturing their shares of the Argentine market (page 109).

Highlights of the economic program promised by Peron in his election

THE INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

APRIL 13, 1946

campaign are worth reviewing for their effect on U. S. business, whether operating in Argentina or selling from the U. S.:

- (1) New labor codes for many types of workers.
- (2) Vast housing projects in metropolitan areas.
- (3) New utilities.
- (4) Wide expansion of industrialization—with government financial and technical aid provided where necessary.

You can discount recent London newspaper claims that British manufacturers have developed a startling new gasoline turbine which will revolutionize the industry and give Britain a new lead in world markets.

Actually, Business Week representatives report that a continent-wide European survey shows the Swiss to have the jump on both British and U. S. competition, despite claims of both.

In Switzerland a new 15,000-hp. stationary machine is already on the test block; a new highly efficient locomotive drive is being tested this month; and a 6,000-hp. marine installation is ready for sale to any commercial buyer.

Britain is managing to hold its leadership in shipbuilding. Its builders report a backlog of £30 million of foreign orders, with huge domestic business—topped by two new Cunard giants—already on the books.

Note, however, that Norway has just contracted with Netherlands yards for a large new passenger liner.

If you are soliciting business in the Near East, don't overlook London's latest agreement to provide Egypt with £12 million of scarce currencies during the twelve months beginning Apr. 1.

The bulk of this \$50-million allocation seems likely to be U. S. dollars, since the deal is cancelable if the British loan fails to pass Congress.

British industry continues to book heavy orders from South Africa.

Latest figures indicate that Capetown alone has contracted for more than \$2 million for 300 diesel and trolley buses.

Novel specifications worth noting by U. S. builders: Bus bodies are eight feet wide, and are specially designed for tropical temperatures.

Moscow is passing up no opportunity to revive prewar industries or develop new ones.

Included in one recent shipment from Japan to the Soviet Union were 50,400 sheets of silkworm eggs, valued at \$22,000.

Long before the war the U. S. S. R. was pushing sericulture in its southern provinces and developing a modest silk industry.

The prospect that rayon or nylon may largely replace silk obviously is not deterring the Russians from maintaining at least minimum production of real silk for special scientific uses.

Producers and consumers of nonferrous metals should not miss the significance of the London move to boost wartime-protected domestic prices of copper, lead, and zinc virtually to world rates.

This is an obvious effort to end subsidizing consumers at the expense of the taxpayer.

BUSINESS ABROAD

Polish Industry Rises Again

Production in some lines exceeds prewar levels, though progress must be eyed carefully because of territorial change. Foreign owners of nationalized plants (except Germans) will be paid.

The new Poland—new in leadership, new in territorial dimensions—has embarked upon a three-year industrial development plan.

Some industries—paper, glass, coal, mines, power, leather, locomotive building, and cement—are already producing more than they did before the war, or will beat prewar output this year. Others, including steel, will take full three years to match prewar production. Having lost 70% of the oil facilities of old Poland, Warsaw's 1948 output is sufficient to meet home demands.

Coal Potential Increased—Before the war, Poland produced about 38,000,000 metric tons of coal. With the addition of German Silesian mines, the country's potential is now 100,000,000 metric tons production.

For other industries, according to official estimates, territorial acquisitions resulted in the following gains in industrial potential: cotton 30%; wool 15%; flax 250%; sugar 60%; cement 15%; iron 40%; steel 100%.

In making statistical comparisons between prewar output and Polish production today, and in setting new goals, Warsaw engages in a certain amount of badgering. Iron and steel and coal targets are set against a figure for "prewar Poland" which has been legitimately taken to include the coal and steel industries of German Silesia. For other items, however, present and future production of the enlarged Poland is now being carelessly—and advantageously—compared with production in the territory of 1939 Poland.

For Export—Coal production in January of this year reached 3,600,000 metric tons, and 1946 output is scheduled at 48,000,000 metric tons. While it is more than the old Poland produced, it is estimated to be only about one-third as much as present Polish territory produced before the war. Production of this amount, however, will require exports of 24,000,000 tons (more than twice the amount Poland exported before the war) of which 8,000,000 tons will go to the Soviet Union.

Last year the Soviets got 5,128,000 tons of coal from Poland for which they shipped, in part payment, cotton, copper, tin, and aluminum. So far Sweden

and other Scandinavian countries—despite the loan of railway cars, locomotives, ships, and technicians—have not received the promised quantities of coal. Warsaw still expects to fulfill its promises, however, before the year is out.

• Metallurgy—Nationalized metallurgical industries—including all factories employing more than 50 workers, for a total of 50,000 at work last December—have been placed under a Central Administrative Board of the Metal Industry. Output is now reported to be 65% of prewar and the 1946 goal calls for 98% of prewar in pig iron, 78% in steel, and 60% in laminated products. By 1948, after reconstruction of two big blast furnaces, prewar output is scheduled to be surpassed.

Oil output, from the remaining 30% of prewar Polish facilities, was 22% of prewar last year, will reach 26% this year, and by 1948 will meet home re-

quirements if it produces the anticipated 49% of prewar Poland's total.

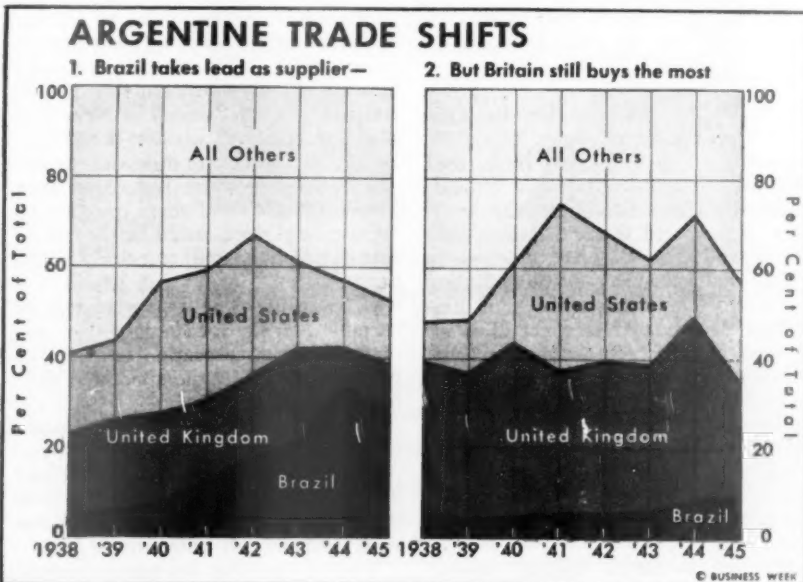
• Cement, Glass, and Paper—Cement production in 1946 is set at 1,500,000 metric tons, of which 1,000,000 tons are due to be exported. Glass production is 59% above the prewar output, and large exports are contemplated. Paper production is 50% above 1938, and output of the leather industry is expected to exceed the prewar level by 50% this year.

Power production last year—totaling 4,300,000,000 kwh.—was 74% above the 1938 output.

Before the war, Poland built an average of 13 locomotives monthly. Last year the average was about twelve a month, and in 1946 will be 25 a month.

• Textile Comeback—The textile industry is making a comeback. There are now 69 silk factories and 1946 production is planned at 6,700,000 meters. The lace factory in Kalisz now makes 50,000 meters monthly. Plush and carpet factories will produce 1,000,000 meters of plush and decorative fabrics and 450,000 meters of carpet, some of which is destined to go into export markets.

However, Poland sustained severe losses to its cotton textile plants. Operating with a decimated work force, and in factories from which a million spindles and 20,000 looms were removed by the Germans (the loss is set at over \$120 million), 117,000 workers turned



From 1940 to 1942, Argentine imports from the United States were greater than from Britain—the traditional supplier—but Brazil captured the lead in 1943. By providing 30% of Argentine imports last year, Brazil had increased its share of the trade sixfold, the value nearly fivefold, but volume had only doubled (since prices were abnormal). Britain's heavy food buying left little room for challenge to its pre-eminent position as Argentina's best customer. Brazil's spending in Argentina doubled, but because of the 100% rise in prices there was little change in actual volume of purchases.



EMERGENCY WHEAT

H. J. Patterson, vice-president, Pillsbury Mills, examines the first sack of 80% extraction flour, which the big Minneapolis company—like other millers—is grinding out (BW—Feb. 23'46,p87) to help meet our food obligations in Europe. The new flour may add only a drop—perhaps 15,000,000 bu.—of wheat to the 225,000,000-bu. relief bucket which the U. S. has promised to fill by July 1; how to supply the rest is still a problem.

out 12,000,000 meters of cloth last October. Thread production was 2,560,000 kilograms. (Cotton came from the Soviet Union and later from the United States.) In the same month the wool industry produced nearly a million meters of cloth.

• **Industrial Take-Over**—Nationalization of industry employing more than fifty workers is calculated to affect 25% of all workers. Most of the nationalized enterprises were foreign-owned. According to the Minister of Industry, the percentage of foreign capital in various industries was 52% for metallurgy, 87% in oil, 66% in the electrical industry, 60% in chemicals, 59% in insurance, and 81% in electric power stations and waterworks.

Affected industries include mines, liquid fuels, power, gas, metals, armament, sugar, alcohol, medium- and large-scale breweries, vegetable oil mills, textile plants, and transportation and communications enterprises (except those owned by municipalities or co-operatives).

• **Compensation Policy**—All properties owned by Germany or the Free City of Danzig—including insurance companies,

banks, and communications enterprises—are taken over without compensation. It is reported that foreign owners of other nationalized properties are to receive compensation, and Washington has been informed that Americans wishing to examine their properties in Poland may do so.

During 1945 the bulk of Polish trade was with the U.S.S.R. The agreement signed at midyear called for exchange of \$120 million in each direction.

• **Trade Pacts**—Warsaw signed trade agreements last year with Russia, Czechoslovakia, Denmark, Finland, Italy, Norway, Rumania, Sweden, and Yugoslavia. Early this year a treaty was signed with Hungary, and both the Yugoslav and Czech treaties have been renewed.

In the political field, Poland has signed a 20-year security pact with Yugoslavia, and is negotiating one with Czechoslovakia, on terms parallel to those of individual treaties which each of the three countries has signed with the Soviet Union.

Pay-Off in Iran

Russia's oil company plan follows a developing pattern and shows type of competition that confronts private business.

After the dust had settled in Iran, the Red Army was seen to be on its way home, a Soviet-Iranian oil company was proposed, Azerbaijan stood to gain some measure of autonomy, and the United Nations Security Council in New York wasn't quite certain whether it had been looking into a dispute or a windstorm.

The Soviet delegate had orders from Moscow to get the Iranian question off the agenda of the Council on the ground that it did not constitute a threat to the peace.

• **U. S. Insists**—The U. S. insisted on keeping it on the agenda until there was no doubt that evacuation of Iran had been completed by the appointed date, May 6.

American and British business might well look askance at the commercial deal which the Soviets have offered Teheran. It is still an "offer" because the law precludes any grant of concessions while foreign troops are in Iran.

The arrangement must be submitted to the Majlis after that legislative body is reconstituted in elections now scheduled for June 7. There is every likelihood that a pro-Ghavam legislature will be elected and that the concessions will therefore be approved.

• **According to Pattern**—The "society . . . for the research and exploitation of the oil fields of north Iran" follows the pattern set in eastern Europe, where

Soviet-Rumanian and Soviet-Hungarian companies have been formed in the protests of both Washington and London. It constitutes a question of a challenge for American business.

Do such companies close the door to private capital investment in enterprises in these countries?

Can private joint-stock companies compete profitably against government joint-stock companies?

• **Limited Companies**—On Mar. 1, Hungary and the U.S.S.R. concluded agreements on the formation of limited companies—the Hungarian-Soviet Air Transport Co., Ltd. (Maszohart), and the Hungarian-Soviet Shipping Co., Ltd. (Maszohart)—and preparing to found similar companies for bauxite, aluminum, and oil.

In Iran, the Soviets obtain access to the oil resources in an area 50 to 100 miles deep along the border stretching from Afghanistan to within 50 miles of the Turkish border.

• **The Proposals**—The terms of the proposed agreement include:

(1) A division of the shares in the society on a 51-49 basis in favor of the U.S.S.R. for the first 25 years of its existence, and on a 50-50 basis during the second 25 years.

(2) A division of the profits of the society in accordance with the distribution of shares.

(3) Contribution by Iran to the capital of the society to consist of land to be developed.

(4) Contribution by the Soviets to the capital of the society to consist of payments of expenses, equipment, and wages and salaries of workmen and technicians engaged.

(5) Purchase by Iran of the Soviet interest in the society, at the end of the 50-year period, or continuation of the society.

(6) Assurances that no foreign company or Iranian company with foreign participation shall be granted concessions in the belt of territory on the Turkish border excluded from the Soviet-Iranian society's concession.

• **Room for Others**—The narrowness of the concession area still leaves considerable scope for other foreign interests in northern Iran. It remains to be seen whether the terms of the Soviet-Iranian proposal will prompt a further stiffening of concession restrictions and royal terms such as have been twice demanded and obtained from the Anglo-Iranian Oil Co. in the last 20 years.

STRIKE BAN REPEALED

Awaiting only the completion of a few formalities by the House of Lords and the Crown, British Socialism is about to pluck one of the sweetest fruits of its new-found power. The 1927 Trades Disputes Act, legislated by

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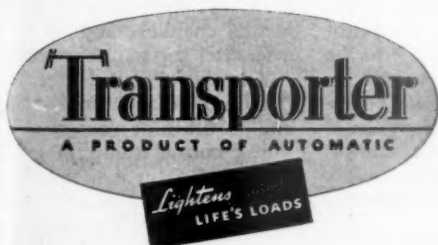
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EXECUTIVE POSTURE CHAIRS

Conservative majority after England's historic general strike of 1926, is being repealed.

The act provided (1) that a strike or lockout was illegal if it had a purpose wider than the furtherance of a labor dispute within the industry involved or if it was designed to coerce the government; (2) that civil servants would only belong to unions with no political objectives and with no affiliation in broader labor federations; and (3) that political contributions from union members could only be collected if the member authorized it in writing.

British labor has chafed under this statute more because it was considered a token of degradation than because it really interfered with activities of the Trade Union Congress or the Labor Party. Nevertheless its repeal will bring the labor movement more than symbolic benefits.

Contributions to the Labor Party are expected to rise sharply as the unions commit their members en bloc to party dues, and the civil servant unions are expected to seek immediate affiliation with the T.U.C.

CANADA

New Trade Units

Canadian Commercial Corp. is designed to meet problems of dealing with nations that buy and sell on a bulk basis.

OTTAWA—Proponents of private international trade, as opposed to commerce dominated by government boards, received a setback last week when Canada unveiled a new agency.

Called the Canadian Commercial Corp., this agency will carry over into the peacetime world the activities of the war-born import and export boards.

• **A Promise**—Canadian traders found considerable to welcome in the announcement, however, since Trade & Commerce Minister James A. MacKinnon promised that "the C.C.C. will assist private enterprise in obtaining essential supplies from ex-enemy territories." These supplies cannot now be obtained through private trade channels, and in recent months a number of requests for assistance have come to the government from would-be buyers.

Further, the new C.C.C. will enable Canadian buyers to obtain supplies of such commodities as sugar, tea, and oils and fats, which may continue under international allocation or governmental control for some time.

Import Licenses Eased

OTTAWA—Canadian manufacturers who sold to Britain before the war but who have been barred recently by import restrictions may now obtain import licenses for 20% of the value of their previous trade.

A list of items to be covered by this arrangement has been announced, and the scheme will be extended to additional countries. The Export Division of the Trade & Commerce Dept. will provide the British Board of Trade with data on 1936-38 Canadian shipments of the listed items:

Jelly powder	Ladies felt hats
Carbon electrodes	Artificial silk clothing
Toys & dolls	Some artificial silk fabric
Rubber footwear	Rubber heels and soles
Surgical gloves	Papermakers' felts
Lawn mowers	Cooking, heating appliances
Skid chains	ances
Cutlery	Locks, keys, blanks
Metal furniture	Synthetic rubber belting
Dry batteries	Toilet preparations
Zippers	Toilet accessories
Films	Oil lamps and lanterns
Vacuum cleaners	Mechanical valves
Brushes	Beehives & frames
Fountain pens	Domestic woodware
Spark plugs	Imitation jewelry
Acetate buttons	Sports equipment
Lighter flints	Propelling pencils
Paint & varnishes	Porcelain insulation

• **Prices Held Down**—During the this function has been handled by the Commodity Prices Stabilization Board, which subsidized these imports to retail prices down. Now Canadian Commercial Corp. will take over the and presumably operate on a commercial basis.

Another important task of the C.C.C. will be to make purchases in Canada for foreign governments and the United Nations Relief & Rehabilitation Administration, a function handled now by the wartime Canadian Export Board. In fact, the Canadian Export Board has acted only as agent of foreign purchasers, buying nearly \$500,000 of goods without any cost of its own. The C.C.C., however, have initial capital of \$10,000, which may later be increased.

• **Meeting an Expectation**—Main reason for continuing this function of the Canadian Export Board under peacetime conditions is that the government expects Britain and other countries which buy largely Canadian goods keep on purchasing through governmental channels, and on a bulk basis even after the transition period.

The recent British decision to leave the Liverpool Cotton Exchange and to continue government bulk buying of cotton is interpreted as part of a trend. Britain may extend this to imports of foods and other raw materials for which it used centralized

used during the war; and only a general international agreement, as contemplated under the Anglo-U. S. loan, can change things.

As a Safeguard—Under present conditions, it is felt that individual Canadian dealers and markets will be in no position to handle effectively foreign governmental purchasing; that deals of magnitude to be expected require a Canadian governmental organization. For this reason, although Canadian Commercial Corp. has been created by executive order, the government proposes later to incorporate it by act of parliament, to insure the permanency of agency.

President of the new corporation is Maxwell W. Mackenzie, Deputy Minister of Trade & Commerce, and its general manager will be William D. Bauer, until now chairman of the Canadian Export Board. Among its directors are several deputy ministers.

Comparisons—The C.C.C. should not be compared too closely with British U. S. governmental corporations with similar names.

Britain's United Kingdom Commercial Corp., formed shortly before the war to compete with Germany for the trade of southeastern Europe and the Middle East, has always confined itself to those areas, and is now in a moribund condition.

The U. S. Commercial Co., a war-time creation now under the Reconstruction Finance Corp., had primarily reconstruction functions, though it also is empowered to facilitate American trade in those areas where commercial dealings have been restricted by the war.

ONTARIO WEIGHS REPEAL

OTTAWA—With an eye on the dollars of thirsty American tourists, the Ontario legislature is considering a government-sponsored bill to legalize public consumption of liquor. If the measure passes, the province will be the second, following Quebec, to reverse decisively the bone-dry movement which swept through all of Canada 25 years ago.

The new bill is considerably less liberal than regulations in most eastern states of the U. S. Only beer may be sold at bars. Hard liquor may be served without meals only at tables in luxury lounges and taverns. The bill would allow wine, beer, and liquor to be served with meals in certain restaurants. As a beginning, hard liquor licenses would be issued only in Ottawa, Toronto, Hamilton, London, and Windsor; smaller towns will hold municipal referendums on the issue.

The legislation provides also for the government to take over the brewery warehouses and thus handle all bulk sale of intoxicants.

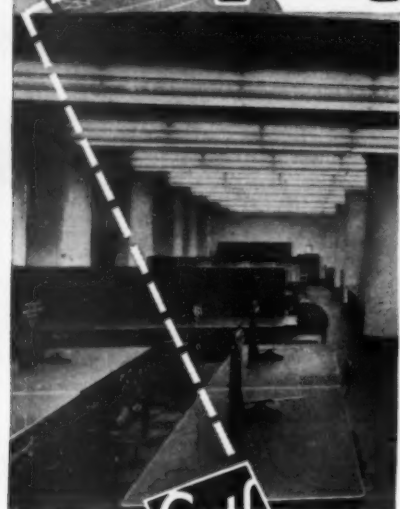
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THE MARKETS (FINANCE SECTION—PAGE 2)

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Stocks				
Industrial	181.7	173.4	166.8	135.0
Railroad	64.2	63.3	62.2	50.6
Utility	94.4	90.9	88.2	61.1
Bonds				
Industrial	124.4	124.5	124.6	123.4
Railroad	120.1	120.2	119.8	114.9
Utility	115.9	115.8	116.0	116.2

Data: Standard & Poor's Corp.

New High for Industrials

This week's stock market would have set the bulls to celebrating if the rails had not played spoil-sport. The Dow-Jones average of 30 industrials spent all day Monday shuffling nervously around 205, not quite two points below its February high of 206.97. Then, on Tuesday, it punched out a clean gain of 2.60 points and wound up at 208.03, a new high for the bull market, and the best level that any market has hit—on the way up—since 1928 (page 15).

• **Pressure Resisted**—On Wednesday, the market ran into considerable selling pressure, which was more or less natural after a 2½ point run-up, but the averages held their own comfortably. When the gong rang Wednesday afternoon, the industrials stood at 208 even.

Volume was good both days. Tuesday saw 1,710,000 shares change hands, with volume in the last hour hitting 510,000. On Wednesday, the turnover was 1,580,000 shares. Although the exchange has seen bigger days during the

current bull market, this was enough to show that the establishment of a new high was genuine and not just a bit of freak arithmetic.

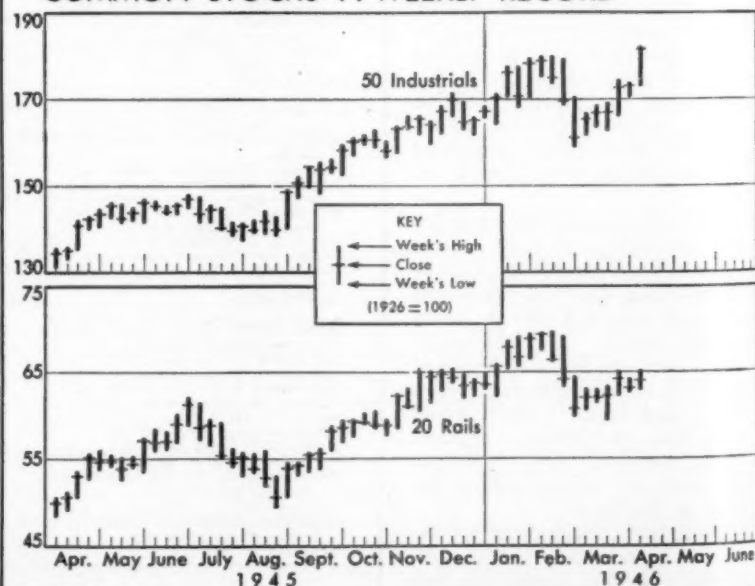
• **Rail Reluctancy**—The fly in the ointment, of course, is the rail average. About the best that can be said of the rails is that they haven't been going down any more. While the industrials were shoving their way up to a new top, the rails were clinging stubbornly to the neighborhood of 60, good four points below their Feb. 5 high of 68.23.

Traders now are worrying for fear stickiness of the rails will stall the market and drag the industrials back to their peaks. Even if the industrials are going, few chart readers will get much pleasure out of it until the rails show signs of conforming.

• **Fingers Crossed**—Now that it is time for first-quarter earnings reports to be showing up, practically all Wall Street is keeping its fingers crossed. Most traders expect them to be fairly disappointing. The big question is whether or not many of them will be worse than the market has been anticipating.

The bulls would like to think that the market discounted a bad first quarter for most companies when it took a sharp break in mid-February. The effect of the steel and automobile strikes on earnings were fairly obvious by then, and few of the buyers who came in during the subsequent rebound could have any illusions about first-quarter profits. The more optimistic traders even think

COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

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RUBBERS BOUNCE



a rate of 60,000,000 passenger-car casings a year. For the whole of 1946, they hope to turn out about 66,000,000 passenger-car tires plus some 14,000,000 truck and bus tires.

At any time before the war, this would have meant disastrous overproduction. In the present market, it won't be enough to take care of the anxious buyers who are already standing in line for new tires.

New automobile production this year probably will run around 3,000,000 passenger cars. That means 12,000,000 casings for original equipment and a prompt demand for 3,000,000 spares. Next year, the automobile industry will be shooting for production of at least 6,000,000 cars, which figures out to a demand for some 30,000,000 tires needed to equip them.

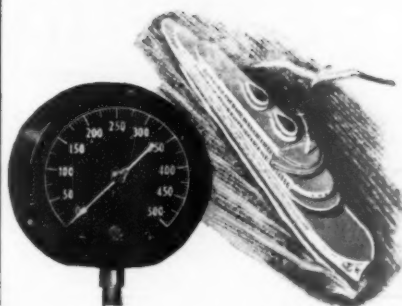
• **Safe From Temptation**—With something like 25,000,000 cars on the road today, most of them needing from one to five new shoes, tire producers can be pretty sure that they won't work their way through all the deferred demand before the close of 1947.

This comforting thought should be enough to keep the industry from giving way to its besetting weakness—price cutting and sales below cost. In ordinary times, price competition among the tire companies is ferocious, and the big buyers—principally automobile manufacturers and chain stores—often have been able to shave the producer's profit margin down to a hairline.

• **Support From Synthetics**—The rubber companies are also counting on a healthy and growing demand for mechanical rubber goods. And some of them are fanning out into other fields, such as plastics.

On the cost side, the rubber fabricators hope to get a lot of benefit out of the \$750 million synthetic rubber industry that was built up in this country during the war. Rubber users formerly were dependent on Far Eastern crude and thus found themselves at the mercy of the international rubber cartel. From now on, they think, the synthetic industry will at least set a ceiling on prices in addition to providing a sure source of supply.

All this helps to explain why the market still is giving the rubber stocks a rush, even though they have risen almost six times over their 1941 lows while the average of all industrials has gone up only about two and a half times. In two or three years, the tire and rubber companies may run through their backlogs and find themselves overproducing. But nobody expects the market to look two or three years into the future. Most buyers don't try to see more than six months to a year ahead, and for that period the rubber companies have every reason to think they will be in clover.



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Deferred Demand Pays Off

Tire and rubber company stocks always outrun the rest of the market in good times. The demand for both as original equipment and as replacements—ordinarily rises and falls with each fluctuation in consumer income. Whenever the public has the money to order new cars or to go off pleasure jaunts in the old ones, the time of the tire producers takes a leap.

At the moment, the rubber outlook is particularly cheery. The industry came out of the war with practically no recession problems and with an undiminished demand for its product that would keep the order books bulging for at least a couple of years.

• **Current Production**—Tire producers have wound production up to

THE TREND

THE PACE BILL TO BOOST FARM PRICES

The votes by which a majority of the members of the U. S. Senate have recently expressed and reiterated their approval of the principles of the Pace bill to raise parity prices of farm products have been so deeply embedded in a process of political maneuvering that their significance as a gage of what the senators really think about the bill is rather obscure. Nonetheless, it is humiliating to have a bill which, in the false name of helping the farmers, would do tremendous damage both to them and to the nation command a majority of the votes of either house of Congress, even as a passing phase of a process of political horse trading.

- **The substance of the Pace bill** can be simply stated. It provides that, in calculating parity prices of farm products, an allowance shall be made, at rates paid to hired farm labor, for all work on the farm. Parity prices are designed to maintain, between the prices farmers get for what they sell and the prices they must pay for what they buy, the same ratio which prevailed in a base period which, for most farm products, is 1910-14. When parity prices were first figured in 1933 the price of farm labor, relative to the price in the base period, was so low that to include the price of labor in the prices paid by the farmer would have made parity prices lower than otherwise. Hence no allowance was initially made for labor.

- **The effect of passing the Pace bill** upon the prices of farm products can also be simply stated. It would, according to Secretary of Agriculture Anderson, increase parity prices by about one-third, because of the rapid increase in wage rates in recent years. This, in turn, would call for a general upward revision of the price ceilings on farm products which, by law, cannot be set lower than parity prices. While some ceilings are at present set higher than parity, the required upward revision would boost the ceilings on great staple commodities such as cotton, corn, and wheat by a full third. This would, in turn, necessitate a compensating upward revision of the ceiling prices both on other crops and livestock and on the products derived from basic farm commodities. The OPA has estimated that this would increase retail food prices by 15% and the general average of retail prices by 6%.

There is not, we submit, one chance in a thousand that such a violent price-boosting operation could be carried out at this juncture without sending the nation reeling off on a wild inflationary spree. A greatly increased cost of living, particularly for food, would certainly beget new drives for wage increases which would beget new price increases, and away we would go—toward a terrible deflationary morning after.

But, looking at the matter strictly from the selfish point of view of the farmers, would it not still be possible for them to prosper in spite of the wreckage of defla-

tion all around them? The federal government now stands pledged to support the prices of a long list of farm products at 90% or more (92½% in the case of cotton) of their parity prices for two years from Jan. 1 of the year after the official end of the war. With guaranteed prices about a third higher than they are now, as a result of boosting parity prices by that amount, would not the farmers be sitting pretty even if the prices of most farm products had collapsed?

- **If the government's price support program** were still in force and unchanged when the crash came, it might be sure, insulate the farmers temporarily from the general deflationary disaster. But there are impressive historical reasons for believing that, at the conclusion of the program—and it would certainly be concluded by an outraged nation—the farmers would not only hit the economic skids harder, but descend farther and stay longer than the rest of the country.

The farmers shared fully but not excessively in the inflationary spree following the first World War which ended with a bang in 1921. When it came to the extent of the hangover, however, they were in a class by themselves. Indeed, they had not entirely recovered 20 years later when the second World War touched off the customary wartime boom in agriculture. One phase of the dismal interwar experience of American agriculture—speculation in farm lands, which the Pace bill would surely touch off again on a grand scale—was recently summed up in a Dept. of Agriculture study of "Farm Land Values in War" as follows:

It has taken nearly 25 years for the consequences of the upsurge in land values which accompanied World War I to run their course. That upsurge, as we now see it, was unjustified when it pulled land values to a level higher than earnings could pay over a long period. We now know and can evaluate its direct consequences—excessive farm closures, reduced living standards, and deterioration of land and buildings.

- **In the course of doing a superb war production job** increasing the nation's farm output by a third with a steadily decreasing number of farm workers, American agriculture has become generally prosperous again. Indeed, during the war per capita farm income has increased half again as much as the per capita income of the rest of the population. We devoutly hope that a high level of farm prosperity will be stabilized and, granted the requisite degree of general economic well being and enough good sense in handling the delicate problems of postwar adjustment, believe that it can be.

We would be hard put to it, however, to devise a better single way to blight the economic prospects both of the farmers and of the nation as a whole than to make the Pace bill the law of the land now.

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